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Faith and Zealotry Still Drive Tehran

Revolution's Momentum Is Unabated

By Edward Cody

TEHRAN — Crowded into a suffocatingly hot tiled room with smeared blood on the tiled walls...

intoned, beating their chests with the flat of their hands. "You will now go to heaven. For every one who falls, 10 more martyrs will rise up to go to the war."

The fervor of the ceremony as family and friends came to bury another war casualty in Tehran's Behesht Zahra Cemetery was a strong reminder of the force and depth of Iran's Islamic revolution.

Since chasing the shah from his Peacock Throne in 1979, the power of this upheaval has transformed Iran from a compliant ally and well-behaved customer into an unpredictable threat.

The revolution has hardened forward — so fast in the last eight years that its momentum is clearly visible to a short-term visitor.

The atmosphere it has created goes a long way toward explaining Iran's determination to pursue the war with Iraq, its zeal for exporting Shiite Moslem power and its prickly resentment of U.S. and other Western attempts to exercise influence in the Gulf region.

What has happened in Iran seems to strike with such force partly because it rises from and plays on four powerful factors:

Religious revival, which has fired a particular following among the Iranian people whose Shiite strain of Islam traditionally had been disparaged by fellow Moslems and Westerners, while even in largely Shiite Iran its values had been ignored.

Nationalism, a strong reactionary force in a country where foreign, particularly U.S., influence long was dominant and the Western-oriented "king of kings" was put on his throne in 1953 by a Central Intelligence Agency coup against a nationalistic prime minister, Mohammed Mossadegh, to safeguard Western oil and strategic interests.

Ethnic pride — played out in aspirations for a renaissance of Persian influence in the Middle East, including in Arab nations — that had been overshadowed for centuries but never abandoned by the heirs to the Persian Empire.

Iran's Arab-Bahai Socialist Party government, led by President Saddam Hussein, has clearly recognized.

See IRAN, Page 6

Heavy Rains Put Damper On Europe

Compiled by Our Staff From Dispatches

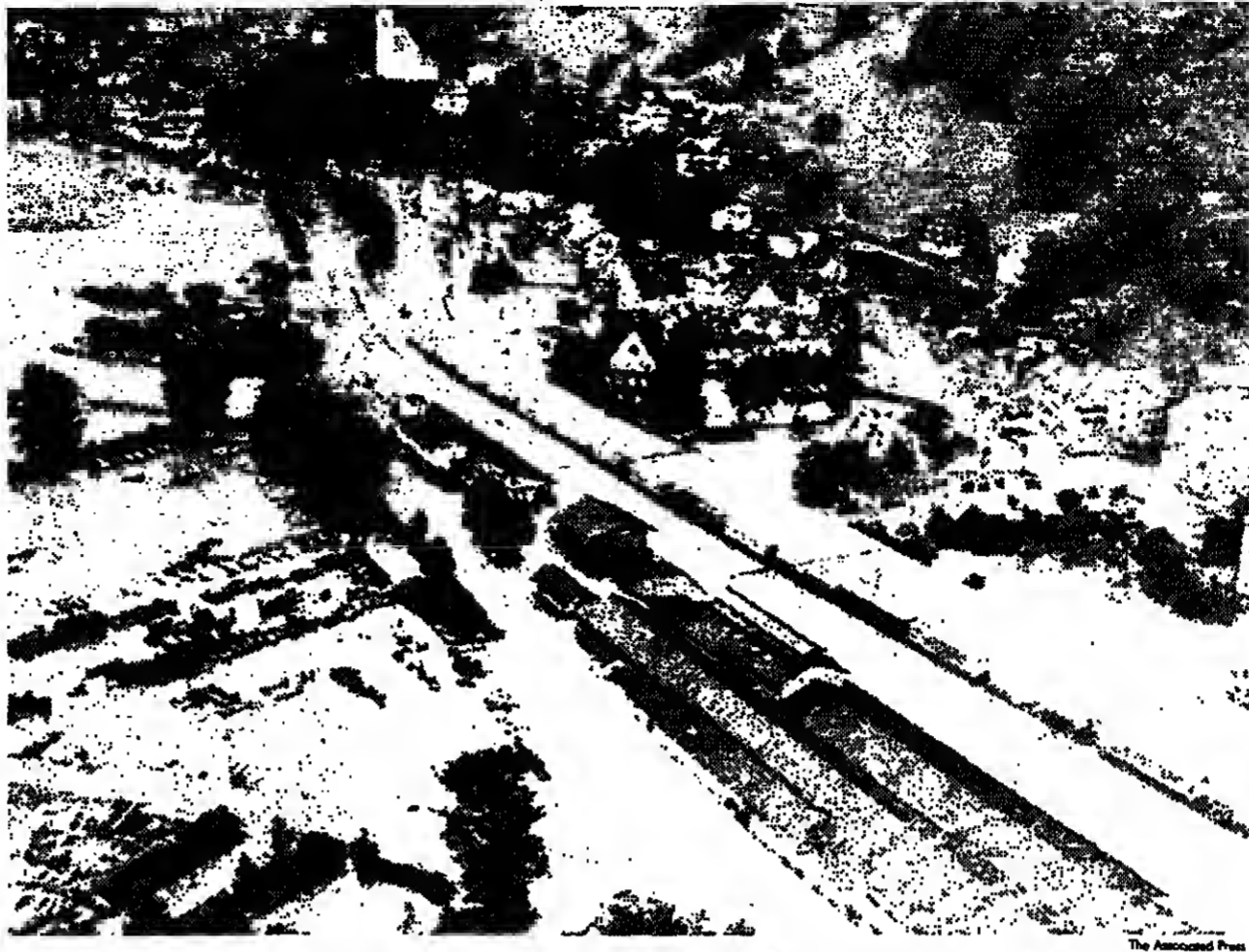
PARIS — What was left of a miserable summer was washed away Tuesday in some of the wettest weather on record for this time of the year in Western Europe.

Freak storms resulting from the collision of Arctic and African air masses caused landslides, flooding, and deaths in northern Italy, Switzerland, France, Austria and Belgium. Most of Western Europe shivered under unseasonably low temperatures and gray skies. At least nine deaths were attributable to the weather, and four persons were missing.

Paris was soaked by the rainiest 24-hour period in a century. In parts of northern Italy, it was the wettest day recorded since 1805.

In northern Italy and Switzerland, storms flooded villages, cut railroads and highways, closed airports and forced the evacuation of about 17,000 people from an Italian valley.

Wind-blown sheets of rain dumped 3.75 inches (97 millimeters) of water on the Paris See WET, Page 2



Much of the town of Filieles, Switzerland, including its train station, was flooded Tuesday following torrential rains.

'Progress' Is Made in S. Africa

Union Will Vote Today on Offer To End Strike

Compiled by Our Staff From Dispatches

JOHANNESBURG — Management and labor failed Tuesday to reach a settlement ending a 16-day strike by about 330,000 black miners, but the mine workers' leader, Cyril Ramaphosa, said that "progress has been made" and scheduled a vote on a management proposal.

The National Union of Mineworkers said that members will vote Wednesday on a proposal that offers slight improvements in benefits but no wage increase.

If the miners accept the offer, it will end the strike, which began

South Africa's mineworkers strike goes to the heart of the state's power — gold. Page 9.

Aug. 9, said Cyril Ramaphosa, the union's general secretary.

"But if our members reject the offer, the strike continues," Mr. Ramaphosa said at a news conference Tuesday night. He said the union leadership would not recommend either approval or rejection.

Johann Liebenberg, leader of the mine owners' negotiating team, said earlier after almost four hours of talks that "we were not prepared to increase wages, but we were prepared to increase fringe benefits."

He said the Chamber of Mines, which represents six large mine owners in the negotiations, had conceded additional vacation allowances and higher danger pay and had given the union until 9 P.M. Wednesday to respond to the offer.

"We have not given them everything they asked for, but that is the bargaining process," he said.

Mr. Ramaphosa said, "We think progress has been made."

Asked if he was happy with the overall offer, Mr. Ramaphosa said: "The union negotiating team is clearly not happy that the issue of wages was not discussed."

He also commented that "you can never say that the Chamber of Mines is a friendly bunch of people."

The talks on pay and benefits were the first since the strike began Aug. 9.

The chamber's offer would increase by 10 percent the pay miners receive when they are on their annual vacation, but they would not get any additional vacation days, the union said. Miners receive only a portion of their regular pay when they are on vacation.

A second chamber offer would raise death benefits from two times a miner's annual salary to four times that amount.

The union has sought to have death benefits increased to five times a miner's annual pay and to have the annual vacation increased to 30 days from the current average of 14 to 21 days.

The chamber made no new offers Tuesday to the union's other demands, which include a 30-percent pay raise and recognition of the anniversary of the Soweto riots of 1976, June 16, as a paid holiday.

Mr. Liebenberg said that the union had dropped its demand for a 30-percent wage increase.

"They moved off the 30 percent altogether," he said.

He said the employers had rejected a union appeal to convert available fringe benefit improvements into a wage increase.

The negotiations followed a concession Monday by the dominant Anglo American Corp., which agreed to put wages on the agenda for the talks with other issues, including pensions and danger pay.

A spokesman for Anglo American said that strikers began streaming back to work Tuesday at a number of its gold and coal mines.

But a union spokesman, Kuben Pillay, said the return involved "only a few hundred men."

(UPI, AP)

OPEC Calls Emergency Meetings

Compiled by Our Staff From Dispatches

LAGOS — The Organization of Petroleum Exporting Countries, seeking to buoy oil prices that have fallen sharply this month, has called an emergency meeting of its price and production committees for Sept. 7, OPEC's president announced Tuesday.

Rilwan Lukman, who is also Nigeria's oil minister, said he and ministers from Venezuela and Indonesia would also visit OPEC members to rally support for production quotas that individual states are supposed to observe.

Prices have declined by around \$9 a barrel this month. The main reason is the fall in exports of OPEC production to meet rising demand from nations that, concerned by tension in the Gulf, were adding to their stockpiles.

After a report in the authoritative Middle East Economic Survey on Monday that OPEC was exceeding its overall quota of 16.6 million barrels a day by as much as 3 million barrels, prices added by up to \$1 a barrel on world markets.

After Mr. Lukman's announcement, oil prices moved higher on Tuesday, but dropped back amid uncertainty over whether oil's recent slide was a temporary dip.

On the New York Mercantile Exchange, West Texas Intermediate See OPEC, Page 13

Strikes and Rebel Attacks Threaten Aquino Authority

By Patrick I. Smith

MANILA — Growing labor unrest coupled with a marked increase in guerrilla attacks in Manila and other Philippine cities are signs that the government is losing control of both the insurgency and the social agenda in urban areas, according to observers here.

A recent wave of labor disputes appears to be inspired in part by the political left in an effort to undercut popular support for President Corason C. Aquino, according to analysts and diplomatic sources.

In effect, they say, some of the labor unrest is another dimension of an urbanization of the anti-government insurgency, which includes an increase in rebel attacks in cities over the past several weeks.

Local business analysts say the labor situation is already seriously hampering the nation's economic recovery and its ability to attract much-needed foreign investment.

Recent waves of strikes and illegal work stoppages in Manila and other industrial cities, many analysts believe, are being led by the New People's Army, the military wing of the Communist Party of the Philippines.

The analysts note close contacts between the leftist National Democratic Front, an opposition coalition, and militant labor organizations such as the Kibang Mayo Uno, or May First Movement.

Although it is active chiefly in industrial disputes, the movement has organized a series of demonstrations in Manila and other cities since the government announced increases in fuel prices averaging 18 percent on Aug. 14.

On Tuesday, apparently intent on limiting the economic and political damage, Mrs. Aquino announced a partial rollback of the fuel price increases to about 9 percent.

It was the first time, analysts said, that Mrs. Aquino had faced a threat of widespread civil disobedience against her policies, and the

first time she had backed down on a major decision.

[Reaction to the rollback was mixed among unions, which had called for a one-day strike Wednesday to demand that the government rescind the increases, The Associated Press reported from Manila.

[The Petroleum Dealers Association called off its work stoppage. However, the May First Movement rejected the move as inadequate and vowed to go ahead with Wednesday's strike. Senator Ernesto F. Herrera, leader of the country's largest labor federation, the moderate Trade Union Con-

gress of the Philippines, said that his organization has decided against joining the general strike.]

The decision to increase fuel prices has created the broadest public protests of Mrs. Aquino's 18-month rule.

Mrs. Aquino attributed her decision to roll back prices in "recent developments abroad," an apparent reference to the decline in the spot prices for crude oil.

The fuel price increases were followed by an announcement of a 13 percent price rise by the National Power Corp., the state-owned electricity company.

Mrs. Aquino has been sharply criticized for allowing fuel and power prices to escalate without approving corresponding rises in minimum wage levels.

On Monday, the May First Movement staged strikes in several cities, including Davao and Cebu, as a prelude to its nationwide action. It is the most ambitious job action attempted by the movement, according to local political analysts.

The organization claims to have about 750,000 members, but independent analysts put its membership at closer to 150,000.

As was widely anticipated after years of political repression under the former president, Ferdinand E. Marcos, the collapse of his government led to a record number of strikes last year. About 320 strikes have been declared so far this year, a drop of 25 percent from the same period in 1986.

Unemployment in the Philippines is now estimated at 15 percent of a work force of 22.8 million. An additional third of the workers are underemployed, which the government defines as having less than one day's work per week.

The nation's trade unions control about 15 percent of the work force. Both labor and management complain of the government's continuing inability to enforce laws governing strikes, wages and working conditions.

"What we're concerned about is not the number of strikes and stoppages, but the character of them,"

official who visited Moscow earlier this month said he helped make a one-hour television program about AIDS that was unusual in the Soviet Union for its frankness about sex. The program has not been broadcast.

The syndrome is caused by a virus that attacks the body's immune system, leaving victims susceptible to a wide variety of infections and cancers.

Anyone seeking to avoid the test can be expelled from the country, the news agency reported. It did not say if the Soviet Union would

Health officials have opened clinics for voluntary AIDS testing. The government decries, published by Tass, said that it suspected carriers dodge voluntary testing, they "may be brought to medical institutions by health authorities with the assistance in necessary cases of authorities from the Interior Ministry."

A World Health Organization

Mecca Riot Breeds a Propaganda War

By John Kifer

MANAMA, Bahrain — A fierce war of words, a religious struggle for the soul of Islam, is raging between Iran and Saudi Arabia over the violence at the annual pilgrimage to Mecca.

Every night, along the western shore of the Gulf, the population — a mixture of the two main branches

of Islam; Sunni and Shiite — is bombarded by rival television and radio broadcasts from Tehran and Riyadh.

Each gives its government's version of the events in which more than 400 Moslems, most of them Iranian Shiite pilgrims, died. The broadcasts also include insults, couched in religious terms, that amount to calls to holy war, and the propaganda battle is repeated throughout the Muslim world.

"Khomeini is Satan," proclaims the television of Sunni-ruled Saudi Arabia, while Shiite Iran likens the Saudi king to the Westizing ruler toppled by the Islamic revolution in Iran. "The new Shah Fahd, the corrupting agent," Tehran calls the Saudi ruler.

Scores of reporters were invited to Jeddah on Tuesday to hear Saudi Arabia's version of what happened at Mecca. The Iranian authorities were denounced by the Saudi interior minister for plotting to discredit Saudi stewardship of the holy sites of Islam.

Iran and Saudi Arabia have repeatedly broadcast their own videotapes of the carnage during Friday prayers in Mecca on July 31, in which the Iranian pilgrims brandished portraits of their leader, Ayatollah Ruhollah Khomeini, chanted "Death to the United States, death to the Soviet Union, death to Israel," and clashed with Saudi security forces.

Both versions show the demonstration gathering. But the Saudi version, which was quickly released to other Arab countries after the violence, portrays the Iranians pe-

See MECCA, Page 6

Soviet Decree Permits Forced AIDS Tests and Prison Terms

The Associated Press

MOSCOW — Soviet citizens and foreign visitors suspected of having AIDS can be forced to undergo testing under a government decree published Tuesday.

Anyone who knowingly infects another person with the disease can be imprisoned for up to eight years, the decree stipulates.

The decree, adopted by the Presidium of the Supreme Soviet, the nominal parliament, provides for

forced testing of Soviet citizens, foreigners and "stateless persons living or staying in the territory of the U.S.S.R." when there are "grounds for assuming that they are infected with the AIDS virus."

The law indicates Soviet officials' increased concern over acquired immune deficiency syndrome even though health officials have said that there are fewer than 40 carriers of the disease in the Soviet Union. Officials maintain

that most of the carriers are foreigners.

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Kiosk Soviet Proposes Arms-Aid Talks

UNITED NATIONS, New York (AP) — The Soviet leader, Mikhail S. Gorbachev, proposed Tuesday that leaders of the 15 nations on the United Nations Security Council hold a special meeting to discuss how money saved from disarmament could be spent on economic development.

Mr. Gorbachev made the suggestion in a message read here by a Soviet deputy foreign minister, Vladimir F. Petrovsky, to the 140-nation international conference on the Relationship between Disarmament and Development.

Both versions show the demonstration gathering. But the Saudi version, which was quickly released to other Arab countries after the violence, portrays the Iranians pe-

See MECCA, Page 6

Despite Recovery, New York Is 'Very Seriously Ill Place'

By Margot Hoemblower

NEW YORK — Twelve years after the nation's largest city nearly went broke, New York stands undisputed as the world's financial capital.

Its coffers, then \$1.8 billion in the red, overflow with a \$660 million budget surplus, unemployment is at a 14-year low, and ever-taller, ever-flashier skyscrapers crowd Manhattan Island.

So why was Mayor Edward I. Koch posing in newspaper ads a few weeks ago hammering plywood to shut off the entrance of the Holland Tunnel to New Jersey?

His snuff was the latest salvo in a fight to curtail corporate desertions.

Mobil Corp. is moving to Virginia, J.C. Penney Co. to Texas and TWA to Westchester County, in the suburbs. NBC is talking of joining the Payne Webber Group brokerage house, the ac-

Exxon Corp. and dozens of others that are moving thousands of jobs to New Jersey.

"New York City has been reborn in the last decade," Mayor Koch says. But he warns that "these move-outs are a reminder that we cannot take our healthy economy for granted."

New York, New York In the Shadow of the Boom

First of three articles

In fact, pessimism about the city's future is widespread.

An 18-month wave of corruption scandals has handicapped its leadership. A housing crisis is flooding the streets with homeless beggars and threatens to leave the city short by 350,000 units in the next decade — even as the city flaunts its wealth, from the gaudy penthouses of the new

rich to the recent New York Times headline "Feeling Poor on \$600,000 a Year."

The stake is not just quality of life but the soul of a city that has prided itself on being the richest, most restless, energetic, powerful and egomaniacal metropolis in the world.

This series examines New York 12 years after it first teetered on the edge of bankruptcy, prompting the famous New York Daily News headline "Ford in City: Drop Dead."

With characteristic contrariness the city flourished, and nowhere more ostentatiously than in Manhattan. But the recovery bypassed the city's poorest areas, and nowhere more starkly than the South Bronx, perhaps the nation's most famous slum.

The uneven boom was driven by an administration whose chief mission was to balance the books.

"When I came into office 10 years ago, people said the city was going to go bankrupt in 60 days," Mr. Koch said in a recent interview. "I felt

I had to put together all these groups that were needed to win the battle to save the city of New York — the labor unions, the banks, the government people, public officials, politicians."

Now, many of those officials are under indictment or investigation for the way they used their influence. Mr. Koch says corruption is individual, not systemic, but U.S. Attorney Rudolph W. Giuliani says the city tolerates enough of it to raise the cost of living and working in the city.

"New York is a very seriously ill place," said Alex Garvin, a former city planning director, who teaches urban studies at Yale University. "For two centuries we have been the place people come to when they want to be the best, whether they are actors, musicians, lawyers, advertising executives. But I don't think we perform that function now because nobody can afford to come here anymore."

Mr. Koch's Commission on the Year 2000 reported recently that New York was still "the

See NEW YORK, Page 2

N.Y. Bicyclists in Uproar

United Press International

NEW YORK — Bicyclists protested as police handed out warning citations on the first day of an experimental ban against bike riding on three major Manhattan avenues.

Four dozen police officers were dispatched to enforce the 90-day ban, which began Monday and is aimed in particular at private bicycle messengers.

The measure is aimed at protecting New York pedestrians, who die at an average rate of two per year in collisions with bicycles. The ban outlawed cyclists on Fifth, Madison and Park avenues on weekdays from 10 A.M. to 4 P.M.

Bicyclists planned to walk their vehicles en masse Wednesday down the sidewalks of Fifth Avenue, a protest they say complies with the ban.

Bicycle riders have held slow-moving protests to snarl traffic several times since the ban was announced last month. The messengers are especially unhappy about the ban.

One of them, Steve Athineos, a leader of the protests, handcuffed himself in a lamppost outside City Hall and was arrested.

Problems Beset Air Control System In U.K. as Tourist Season Nears Peak

By Howell Raines
New York Times Service

LONDON — As the summer tourist season nears its peak weekend here, Britain's air traffic control system has been hit with computer failures, serious morale problems and a dispute over evidence that many near-collisions are going unreported.

The Civil Aviation Authority has hired outside consultants to investigate a series of nine breakdowns in the new computer system that monitors all trans-Atlantic flights between the United States and Britain.

The \$10.8 million computer, located at Prestwick, Scotland, malfunctioned on Sunday and again on Monday, causing delays of up to two hours in flights bound for the United States from London's two major airports, Heathrow and Gatwick.

The computer, made by Digital Equipment Corp., a U.S. company, automatically tracks 500 airplanes daily as they fly the Atlantic and has a "conflict alert" system to warn of potential collisions. A spokesman for Digital Equipment said the problems were caused by the software program provided by a British company, rather than by the computer.

Officials of the Civil Aviation Authority and the Guild of Air Traffic Controllers say that the nine computer failures since March 31 have posed no immediate safety threat for passengers, since the North Atlantic air lanes are not crowded.

But Christopher Tugendhat, chairman of the aviation agency, and Steve Hall, spokesman of the air traffic controllers' guild, are in conflict about how much traffic the Oceanic Air Control Center at Prestwick should handle while the computer malfunction is being investigated.

Mr. Hall wants the aviation agency to institute "flow control" or reduced traffic, throughout the study period, so that fewer planes will be in the air if the computer goes down again and controllers at Prestwick are forced to revert to old-fashioned

manual tracking using cardboard progress strips on a map.

"There's been only one total outage," Mr. Hall said, "but there have been times when the information from the computer has been so corrupt that you can't use it. In our business, we don't take chances."

Mr. Tugendhat said in an interview on Tuesday that permanent reduction in intercontinental flights is not warranted by the sporadic computer problem.

"If a computer goes down, you have flow control of a rather stringent sort introduced as a consequence of that," he said. "Our belief is that you should have this system at the ready, not that you have it in permanent operation." He noted that the problem of potential collisions is less pressing in Britain than in the United States.

"In the States, the peak times problem is far worse than it is here," Mr. Tugendhat said.

Nonetheless, a recent study by the Royal Air Force Institute of Aviation Medicine has increased worry about collisions and near-collisions of the sort that have dogged U.S. aviation recently. By inviting controllers to file confidential reports, the institute turned up 13 unreported near-collisions, 11 of which were serious enough to have warranted official investigations.

The Civil Aviation Authority is upset by the "hair-raising anonymous reports" and the institute's refusal to provide further details from its confidential records, said Anne Noonan, a press officer at the aviation agency.

This dispute between the agencies is unusual in a nation that thinks of itself as running an aviation system much safer and smoother than that of the United States.

Heathrow, the world's busiest international airport, handles 26.4 million international passengers a year. London's smaller airport, Gatwick, handles 15.8 million such passengers yearly and recently replaced Kennedy International Airport in New York as the world's second busiest international airport.

Seoul Arrests 6 Activists As Dissidents Urge Strikes

By Susan Chira
New York Times Service

SEOUL — In a move that could worsen political tensions here, the government arrested six student activists Tuesday, including one of the best-known student leaders.

The arrests were the most politically significant since the government announced sweeping democratic reforms on June 29. Coming just a few days before students are to return to campus from their summer vacation, the arrests seemed likely to touch off sharp student protests.

The police arrested Woo Sang Ho, 24, the chairman of the student council of Yonsei University, on charges of violating South Korea's law on assembly and demonstrations.

But police sources said that he would also be charged with the serious crime of slandering the state for making "undesirable statements," including one to The New York Times in which Mr. Woo compared South Korea's government to Nazism.

Five other students were also arrested and charged with instigating labor unrest at an electronics plant owned by Lucky-Goldstar Group in the city of Pyongtaek, 60 miles (100 kilometers) south of Seoul.

The arrests were made as tension mounted over the death of a young shipyard worker in a clash with riot policemen. With labor unrest sweeping the country, student leaders have said they would take up the workers' cause when they return to school. Such links between student and worker protests deeply alarm the government.

The government has also acted as opposition groups were moving to politicize the death of the shipyard worker, Lee Suk Kyu, who was killed on Saturday when splinters of a tear gas grenade pierced his chest. The National Coalition for a Democratic Constitution has called for a general strike and nationwide rallies on the day of Mr. Lee's funeral.

Union leaders at Daewoo Shipbuilding & Heavy Machinery Co. in the southern island of Jeju spoke of giving Mr. Lee a funeral worthy of a martyr, while family members pleaded in vain to be allowed to take his body to their home town in northern Cholla province for burial. The disagreement has delayed Mr. Lee's funeral.

Since Mr. Lee's death and the efforts by opposition groups to



A student in Seoul equipped himself with unexploded tear gas bombs around his belt during demonstrations Tuesday.

capitalize on it, rumors that the military would intervene have intensified. Roh Tae Woo, the president of the ruling Democratic Justice Party and the man who proposed the democratic changes after widespread protests in June, denied the rumors in a speech to party members that was reported in Tuesday's newspapers.

"There is no denying that some people are worried that renewed campus disturbances by radical leftist activists, coupled with the ongoing labor disputes, might bring about a chaotic situation, irreparably damaging the political schedule," Mr. Roh was quoted as saying. "Nowadays, even some ranking officials in the government and the party are said to be skeptical about the prospects of the projected elections being held."

Mr. Roh denied, however, that the military would step in so easily. "Should extreme disturbances be triggered and every one of the citizens want it, then the mobilization of the military might be considered," he was reported as having told a meeting of party executives.

There have been signals that

some people within the government are edgy about what they see as a surge of radical activism. President Chun Doo Hwan warned of the danger of "emerging leftists" in a televised news conference on Friday, and national police headquarters directed policemen across the country to seek out leftists they said were behind some labor disputes.

The Labor Ministry reported Tuesday that 1,064 labor disputes had broken out since July 17, and that 613 disputes were still unresolved.

Five of the students arrested Tuesday were charged with inciting workers during a sit-in at the Lucky-Goldstar plant on Aug. 13 and with encouraging workers to hold violent protests thereafter.

The government also accused them of threatening plant guards with knives when the students tried to climb walls of the factory to take part in workers' protests.

The charges against Mr. Woo, however, may be more serious. If he is charged with slandering the state, he could face a stiff prison term.

WORLD BRIEFS

Nicaragua to Permit Priests to Return

MANAGUA (AP) — President Daniel Ortega Saavedra said Tuesday that three Roman Catholic leaders forced into exile by the government more than a year ago would be allowed to return to the country.

The announcement followed the signing Aug. 7 in Guatemala City of a Central American peace accord, under which Managua agreed to institute a cease-fire in the war against the U.S.-supported rebels, known as contras, and implement democratic reforms. The Sandinistas often have been at odds with the hierarchy of the church, which advocates greater democratic freedoms.

The clergymen covered by the announcement were Monsignor Pablo Antonio Vega, the vice president of the Episcopal Conference; Rismark Carballo, the archdiocese spokesman, and another church official whose name was not available. The three were accused of supporting the contras and prohibited from returning to Nicaragua after making visits abroad in 1986. (Earlier article, Page 4.)

Bush to Visit Poland in September

WARSAW (AP) — Vice President George Bush will travel to Poland in late September, a government spokesman said Tuesday. It will be the highest-level visit by a U.S. official since Poland declared martial law in 1981.

The government spokesman, Jerzy Urban, said that Mr. Bush would arrive in the last third of September but that he could not provide exact dates. He said Mr. Bush would probably travel outside Warsaw. There have been reports that he wants to meet Lech Walesa, leader of the outlawed independent trade union Solidarity, who lives in Gdansk.

Hart Wants to Confer With Family

NEW YORK (UPI) — Gary Hart returned Tuesday from a three-week vacation in Ireland promising he would have more to say about reopening his presidential campaign after he talked with his family.

"After I get a chance to get together with my family and find out more about the events that have transpired in the last few days, I'll have something to say," he said.

Mr. Hart's former campaign manager, William Dixon, suggested last week that Mr. Hart, 50, was likely to restart his campaign, which he quit after a scandal stemming from suggestions that he had been sexually involved with a 29-year-old model.

Soviet to Set Afghan Pullout Deadline

MOSCOW (AP) — A Soviet deputy foreign minister said Tuesday that a deadline for withdrawal of all Soviet troops from Afghanistan would be determined during the next round of talks in Geneva aimed at negotiating an end to the war.

Igor A. Rogachev made the statement during a Foreign Ministry briefing on international affairs. Mr. Rogachev, an expert on Soviet relations with Asian countries, said the Russian presence in Afghanistan has become less of an obstacle to improved relations with China because of last year's withdrawal of 8,000 Soviet soldiers and the Kremlin's intention "to withdraw completely its troops from there shortly."

No date has been announced for the next round of the United Nations-sponsored talks, but they are expected to take place before the end of the year. Soviet officials have repeatedly asserted that Moscow wants to end its involvement in the Afghan civil war. But they have previously tied the schedule for withdrawal to cessation of assistance by Pakistan and the United States to anti-government rebels.

Bonn Is Urged to Free TWA Suspect

BEIRUT (AP) — Kidnappers holding two West Germans released a four-minute videotape Tuesday that showed one hostage, Alfred Schmidt, pleading with the Bonn government to free a suspected Lebanese hijacker in return for the pair's freedom.

"We ask the government of Germany to seriously consider the release of Mohammed Ali Hamadeh so our release may be possible," Mr. Schmidt, a 47-year-old engineer, said in the tape delivered to a Western news agency in Beirut.

Mr. Hamadeh is to be tried by the West German government on charges including air piracy and murder. Bonn turned down in June a request by the United States to extradite Mr. Hamadeh in connection with the 1985 hijacking of a TWA jetliner to Beirut. Bonn officials said Tuesday the trial will be held as planned, despite Mr. Schmidt's plea.

A Libyan Mirage was shot down during a Libyan bomb attack on the northern Chad town of Agouzzou and Onianga Kebir. Chadian radio said Tuesday. The radio said "several civilians" were killed in the raid but gave no further details.

Public outcry is stopping or delaying some projects. Westway, a \$4.2 billion highway development, was halted by lawsuits two years ago, and a compromise was reached last week on a scaled-down version.

The Times Square project has encountered 27 lawsuits and may never be built. A few weeks ago, Shearson Lehman Brothers Inc., the giant securities firm, faced down a crowd of mothers and toddlers protesting the paving of a small park. After a court hearing, Shearson yielded a more feet of grass.

Concerns about overbuilding are "prochial," Mr. Koch told a business breakfast recently. "You will have community forces — decent people — who say no to everything. From their point of view, it's understandable. — Last one in, lock the door." But it's not understandable if you're running the city."

Mr. Koch vigorously defends tax breaks for the office towers of American Telephone & Telegraph, IBM and others.

"Tax abatements of \$1.3 billion will bring in \$23 billion in taxes over the next 20 years," he said. "I don't have to be ashamed of what we've done. I will not give in to the ideologues on the left nor on the right."

A bitter feud between Mr. Koch and Donald Trump, a large real estate developer, may signal a shift in the treatment of developers. Mr. Trump had asked for zoning waivers and a \$1 billion tax abatement to lure NBC to his \$5 billion project development on Manhattan's West Side that would include a 152-story building, the world's tallest.

Mr. Koch balked, calling Mr. Trump "piggy, piggy, piggy." Mr. Trump, who contributed \$42,500 to Mr. Koch's last campaign and \$250,000 to other city politicians, countered by calling the mayor a "moron," adding, "This city is a cesspool of corruption and incompetence."

Despite this and other problems in the city, the Commission on the Year 2000 hopefully filed its report "New York Ascendant."

"We have met great challenges before, and we can meet these," says Mr. Koch.

Tomorrow: The South Bronx remains a burned-out shant.

For the Record

A Libyan Mirage was shot down during a Libyan bomb attack on the northern Chad town of Agouzzou and Onianga Kebir. Chadian radio said Tuesday. The radio said "several civilians" were killed in the raid but gave no further details.

TRAVEL UPDATE

Canadian Rail Strike Enters 2d Day

TORONTO (AP) — The government threatened to intervene and its top mediator brought Canada's striking railroad unions and management together on Tuesday, the second day of a national strike by 48,000 rail workers that stopped freight traffic and created commuter chaos.

The national passenger service, Via Rail, was not a strike target, but all trains were canceled and 4,000 employees were laid off because Via Rail relies on the crews and track of Canadian National and CP Rail, whose employees were on strike. However, delayed passengers were offered air or bus service at no extra cost.

Union officials said negotiators were given two days to resolve the first rail strike in 14 years, after which legislation would be introduced. The strike, which began Monday, was called in a dispute over job security. The government estimated that the strike had stopped 30 percent of Canada's freight shipments, and was costing the railroads about 20 million Canadian dollars (\$15 million) a day.

Yugoslav health authorities are warning travelers to Romania to watch for symptoms of cholera because of reports of the disease there, the Belgrade daily Politika said Tuesday. Officials in Bucharest and at the Romanian Embassy in Vienna said the reports were false.

Miami, Striking Back, Finds Big Apple Rotten

MIAMI — The Miami Herald pokes fun at the Big Apple's rotten spots in a satirical piece on a recent cover story in The New York Times Magazine on Miami's problems.

The Aug. 30 cover of The Herald's magazine, Tropic, mimicking the typeface used by the Times, has an obviously retouched picture that places the infamous 18th garage barge in the shadow of the Manhattan skyline.

"Can New York Save Itself?" the magazine asks in its article, subtitled "A City Beset by Garbage and Yuppies."

The Times Magazine's July 19 article asked "Can Miami Save Itself?" with the subtitle "A City Beset by Drugs and Violence."

The Herald's cover story, by Dave Barry, begins by saying, "The bad news is: They haven't collected the garbage since 1967, and lunch costs as much as a Lamborghini. The good news is: You're allowed to shoot muggers on the subway. An unbiased and objective appraisal."

In both cases the pictures were provided by a French photo agency that had not detailed the background of the photos for the Times.

In a reference to that controversy, the table of contents for The Herald notes, "Cover photo faked by Chuck Fadley."



Alfred Schmidt, on the videotape released Tuesday.

WET: Record Rains Keep Damper on Europe's Summer

(Continued from Page 1)

region in 24 hours ending Tuesday morning. Meteorologists said it was the most rainfall since records started being kept at the Montsouris weather station in Paris 100 years ago.

Firemen received 2,000 calls to help pump out flooded basements. Rain continued to fall intermittently Tuesday, and the temperature fell to 57 degrees Fahrenheit (14 degrees centigrade).

Near Toulouse, in southwestern France, storms destroyed vineyards where Blanquette, a sparkling wine, is produced and caused serious crop damage over a wide area. In the French Alps, 100 campers were evacuated because of a risk of mud slides.

Flooding engulfed Charleroi in Belgium, killing three elderly people, they drowned in their homes. The Brera weather station in Milan said up to 7.9 inches of rain fell in some parts of northern Italy over

a 24-hour period. The previous high was 6.09 inches in 1895. Authorities evacuated about 17,000 people from villages and towns in the Valtellina Valley northeast of Milan, fearing a repetition of the mud slides that killed more than 30 people in the valley in July and earlier this month.

Rocks that rolled down the valley in July blocked the Adda River and created a lake 43 feet (13 meters) deep, which officials feared might overflow during the torrential rains.

Although the rain slackened Tuesday, most of those evacuated continued to receive shelter in emergency centers while officials monitored the slowly rising level of the lake.

Throughout the Italian and Swiss Alps, the storms caused fatalities and destruction.

In Switzerland, a man was swept to his death in his car, a relief worker drowned in the Rhone Riv-

er, and the body of another victim was found in a reservoir.

On the Italian side, a woman was drowned and an elderly couple killed when a mudslide hit their home near Brescia.

Floods and landslides cut north-south rail and road links in Switzerland. The St. Gotthard pass was closed and traffic was reduced to a single lane over the Stimploo pass.

Some parts of southern Europe, in contrast, thrived for rain. Near Palermo in Sicily, where the temperature stood at 100 degrees Fahrenheit (38 C), firemen and volunteers fought to control a blaze in tinder-dry woodlands.

In the United States, below-normal temperatures were reported across the northern half of the country, with record lows in some areas. Heavy rain fell over parts of Nebraska and Iowa, flooding highways. Staplehurst, Nebraska, got 5.5 inches of rain. (AP, AFP)

NEW YORK: Despite Rosy Economy, Pessimism About the Future Is Rife

(Continued from Page 1)

country's center of creativity in such fields as communication and the arts.

But the commission warned that New York's "role as incubator, creator and stimulator is being challenged by other cities in this country and abroad." It noted that the city has grown "too fast, too large and too dense." The price is "a harsh and uncivil environment," and the city "may be permitting that environment to worsen."

Some also fear that the city relies too heavily on financial-service companies — banking, insurance, law, accounting and securities firms — and could be as vulnerable to an economic downturn as Houston was to the oil gulf.

"The loss of diversity spells vulnerability," said Samuel Ehrenhalt, regional chief of the U.S. Bureau of Labor Statistics. "New York City lost one out of four manufacturing jobs — three times the national rate — during the 1980s. It has based its growth on putting more and more eggs in fewer baskets."

"We're going to face a recession," said Felix G. Rohatyn, an investment banker and chairman of the state's Municipal Assistance

Corp., which oversaw the fiscal comeback. "It should have been here by now. When it happens, there will be a weak stock market, and the ripple effect in New York will be felt from the investment banks that have been living very high, to the real estate market, to the high-fashion boutiques."

Impeded or not, the boom has been spectacular. Following global economic forecasts, foreign banks and investors crowded into Manhattan, shifting business from London and elsewhere. New York banks now process \$1.5 trillion in payments each day, equal to a third of the U.S. annual gross national product.

To house these giant firms, more than 75 office towers have been built in Manhattan in the last seven years. Dozens of new residential high-rises offer one-bedroom apartments for \$2,000 a month. A ripple effect in the boroughs has raised the value of a modest row house in Queens from \$35,000 to more than \$200,000 in 10 years.

From the 19th floor of a 42d Street skyscraper, Jerry W. Kolb, vice chairman of Deloitte, Haskins & Sells, the nation's sixth largest accounting firm, would seem to be sitting atop the boom.

But he and his 70 partners are moving the headquarters of the 26,000-employee firm, based in New York since 1895, to Connecticut or Westchester County. Only one partner lives in New York City.

"The high cost of housing drives people further and further out of the city," said Mr. Kolb, who lives in Greenwich, Connecticut. "The increasingly long commute makes it difficult for people to be productive and creative. New York is the only major city with a 35-hour standard work week. After a move, our people will work 37-and-a-half or 40 hours."

Other aggravations mount. "You walk out of Grand Central station," he said. "On the south side of the street, you thread your way through garbage pickers. On the north side, you deal with the panhandlers. If it rains on the street, the cabs will get their best to spray it on your carefully pressed suit. You don't have to be a creative genius to ask the question, 'Why are we here?'"

But Mayor Koch says coopera-

tions are moving to "save money," since many can rent or sell their headquarters in the city for huge sums. He urges them to sit tight, saying that high taxes and energy costs will be reduced considerably in the next five years.

But housing remains a critical factor. On Broadway and 86th Street one summer day, a mimeographed sheet taped to a lamppost read: "\$3,000 reward for anyone with information leading to signed lease on two-bedroom apartment. Responsible working couple willing to pay up to \$1,000 rent per month."

The average price of a one-bedroom Manhattan coop apartment is \$242,760. A Brooklyn "car condominium" sells parking spaces for \$34,000 each plus a \$147-per-month fee for maintenance and property tax.

Amid such feverish speculation, landlords have pushed out thousands of low-income tenants as they rehabilitate buildings for luxury housing. In June, two men were convicted of hiring thugs to terrorize three West 77th Street buildings with break-ins, floods, fires, drug dealing, assaults and a cutoff of heat, water and electricity.

In the process, traditional neighborhoods are being uprooted. In the theater district, a major tourist draw, 23 office towers are being built or planned while two historic

theaters, the Morosco and the Helen Hayes, were demolished. A \$2 billion urban renewal plan for Times Square may engulf the area as costume makers, agents and set designers disperse.

The past three years have produced a backlash. Mr. Koch has been criticized for accepting hundreds of thousands of dollars in campaign contributions from real estate developers. And critics portray his policies as a Faustian bargain: development at the price of damaging the city's physical and social fabric.

Public outcry is stopping or delaying some projects. Westway, a \$4.2 billion highway development, was halted by lawsuits two years ago, and a compromise was reached last week on a scaled-down version.

The Times Square project has encountered 27 lawsuits and may never be built. A few weeks ago, Shearson Lehman Brothers Inc., the giant securities firm, faced down a crowd of mothers and toddlers protesting the paving of a small park. After a court hearing, Shearson yielded a more feet of grass.

Concerns about overbuilding are "prochial," Mr. Koch told a business breakfast recently. "You will have community forces — decent people — who say no to everything. From their point of view, it's understandable. — Last one in, lock the door." But it's not understandable if you're running the city."

Mr. Koch vigorously defends tax breaks for the office towers of American Telephone & Telegraph, IBM and others.

"Tax abatements of \$1.3 billion will bring in \$23 billion in taxes over the next 20 years," he said. "I don't have to be ashamed of what we've done. I will not give in to the ideologues on the left nor on the right."

A bitter feud between Mr. Koch and Donald Trump, a large real estate developer, may signal a shift in the treatment of developers. Mr. Trump had asked for zoning waivers and a \$1 billion tax abatement to lure NBC to his \$5 billion project development on Manhattan's West Side that would include a 152-story building, the world's tallest.

Mr. Koch balked, calling Mr. Trump "piggy, piggy, piggy." Mr. Trump, who contributed \$42,500 to Mr. Koch's last campaign and \$250,000 to other city politicians, countered by calling the mayor a "moron," adding, "This city is a cesspool of corruption and incompetence."

Despite this and other problems in the city, the Commission on the Year 2000 hopefully filed its report "New York Ascendant."

"We have met great challenges before, and we can meet these," says Mr. Koch.

Tomorrow: The South Bronx remains a burned-out shant.

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Great Britain	£	130	72	40
Greece	Dr.	22,000	12,000	6,000
Ireland	I.R.	150	82	45
Italy	Lira	380,000	200,000	115,000
Luxembourg	L.F.	11,500	6,200	3,400
Netherlands	Fl.	650	340	190
Norway	N.Kr.	1,800	950	540
Portugal	Esc.	22,000	12,000	6,000
Spain	Ptas.	29,000	16,000	8,800
Sweden	S.Kr.	1,800	950	540
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Salvagers Seek An Astor's Car Aboard Titanic

The Associated Press

PARIS — The organizers of the Titanic salvage operation said Tuesday that they would begin searching for a 1912 Renault that belonged to the American financier John Jacob Astor, heir to the Astor fortune.

Daniel Puget, a spokesman for the expedition, said the second phase of the salvage project would begin this week south-west of Newfoundland, weather conditions permitting.

Mr. Astor was one of 1,513 passengers who died when the liner struck an iceberg and sank April 15, 1912. His car was one of 25 vehicles listed on the Titanic cargo manifest.

At a news conference in New York the team compared the salvage operation to that of the space shuttle Challenger, which exploded shortly after launch Jan. 28, 1986, and sank

Sandinists Jam Contra Radio As It Transmits Reagan Speech

Compiled by Our Staff From Dispatches:
SANTA BARBARA, California — President Ronald Reagan has broadcast a message on Radio Liberation, the clandestine station of the Nicaraguan rebels, in an attempt to reassure the rebels and their followers of his continued support.

The three-minute speech Monday night, broadcast in English and followed by a Spanish translation, was heard in much of Nicaragua and Central America but was electronically jammed by the leftist government in Managua, the Nicaraguan capital.

Mr. Reagan's message, taped at his ranch near Santa Barbara, California, on Saturday, was part of his effort to demonstrate to U.S. conservatives and rebel leaders the limits of his support for the preliminary peace accord signed Aug. 7 by Nicaragua and its four Central American neighbors.

Mr. Reagan said in the broadcast that the United States would keep

backing the Nicaraguan rebels, known as contras, until the Sandinist government lived up to its promises under the peace plan.

"Your struggle has and always will have our support because our goal is the same," he said. "Until the people of Nicaragua are guaranteed basic liberties, I know you will keep on with the struggle. And the United States will be with you. The journey's end is Nicaragua libre."

The peace accord sets a 90-day timetable for cease-fires in the region's guerrilla wars, including the contras' struggle against the Sandinists. At the time of the cease-fires, it requires a cutoff of outside aid to insurgent forces, freedom of the press and of assembly and religion, and steps to guarantee democratic elections in each country.

The Reagan administration is skeptical about Nicaragua's adherence to the plan and has sought continued military aid to the contras. Mr. Reagan's speech appeared to confirm the stated intent by the

White House to ask Congress for new aid after Sept. 30.

A mix-up in the White House announcement about the Reagan message gave the Sandinists an opportunity Monday night to jam the broadcast of Radio Liberation, according to the chief White House spokesman, Martin Fitzwater.

Mr. Fitzwater announced during the White House daily briefing on Monday that the president had given the speech. But later, Mr. Fitzwater said he had learned that Mr. Reagan had not given the message yet.

"I got the day wrong and simply made a mistake in announcing it," Mr. Fitzwater said.

Several minutes later a press staff aide distributed a statement saying that the message would be released to reporters on Tuesday morning. The speech was given Monday night.

Mr. Reagan is trying to walk what one senior official called "a tightrope" between conservatives who fear he will desert the contras and congressional Democrats who are concerned that he is simply giving lip service to proposals for a negotiated end to the Nicaraguan conflict. This balancing act has resulted in statements by Reagan administration officials that on some days emphasize the president's desire for peace and on others stress his commitment to the contras.

Some of the confusion appears to have spilled over to the scheduled meeting in Los Angeles on Thursday between Mr. Reagan and contra leaders.

When the meeting was announced last week, Mr. Fitzwater said it was intended to discuss the pending Central American peace proposal but also was meant as a political signal to those concerned about the fate of the contras.

"Make no mistake about it," he said then. "We want to demonstrate to the conservative leaders and to the [contra] directorate and to the nation that the president will not desert the contras." (WP, LAT)



U.S. ASTRONAUT CANDIDATE — Dr. Mae C. Jemison, the first black woman to be selected by NASA as an astronaut candidate, gets a feel for the space shuttle in a training model at the Johnson Space Center in Houston. Dr. Jemison is one of 15 new candidates.

Marine's 30-Year Sentence for Spying Is Called a 'Public Relations Gesture'

QUANTICO, Virginia — The jury's recommendation of a 30-year sentence for spying for Sergeant Clayton J. Lonetree, the former embassy security guard in Moscow, was greeted by the lawyer heading the marine's defense as "a public relations gesture because they know the case is so bad."

Michael V. Stuhff, the lead defense counsel, said Monday after the sentencing that the jurors "could not sit through that trial and not know that there were problems with the government's case."

"Thirty years was as much as they could bring themselves to do," he added. He had predicted a life sentence.

William M. Kunstler, another defense lawyer, said, "I think they wanted to give him less than life but still sock it to him."

The sentence Monday would allow consideration of parole in 10 years. It included a fine of \$5,000, the loss of all military pay and allowances, reduction in rank to private and a dishonorable discharge.

Lonetree, 25, was convicted Friday on 13 counts of espionage. The prosecutors had asked for a life sentence.

The marine was charged with passing secrets to Soviet agents after he began an affair with a Soviet woman, Violette Seins, when he was stationed at the U.S. Embassy in Moscow.

The defense said that Lonetree turned over nothing of value to the Soviet agents, that he dealt with them because he wanted to become a free-lance double agent.

The sentence is subject to approval by the Quantico base commander and then to an automatic appeal to a navy-marine corps court of review.

Further appeals could then be made in civilian courts, including the Supreme Court. Lonetree's lawyers said they had pledged to him that appeals of what they called a "prejudiced" outcome would be taken "all the way."

"We told him that this is round one," Mr. Stuhff said. Asked if the lawyers believed they could reverse the verdict on appeal, Mr. Kunstler replied: "Legally we are totally convinced we can do it. Whether the politics of the situation will enter into it we don't know."

Mr. Stuhff described the trial judge, Captain Philip F. Roberts, as "the chief prosecutor" in a case that the defense has repeatedly charged was being "railroaded to a conviction."

The 13 counts with which Lonetree was charged included two counts of espionage, two of conspiracy with the KGB, four of providing KGB agents with the identification of covert American agents, three of delivering to the KGB diagrams or floor plans of the U.S. embassies in Moscow and Vienna, and two of failing to report contacts with foreigners.

Each espionage and conspiracy charge carried a maximum sentence of life in prison. Under military law, however, Lonetree could have received a maximum of only one life term.

In the morning session before the jury's sentencing deliberations, Lonetree spoke his only words during the two-week trial.

He used the defendant's court-martial option of an "unsworn statement" to the jury, an exchange without possibility of cross-examination by the prosecution.

He declared that after several years in an American Indian orphanage in New Mexico, he had rejoined his father in Chicago, then

joined the marines to escape his father's drunken tirades.

Halt and choking at one point and making gestures of exasperation, apparently at his momentary inability to speak, Lonetree made his statement under friendly questioning by one of his appointed marine corps lawyers, Major David H. Henderson.

The young marine said he had enlisted in the corps "because I was a patriot."

Major Henderson asked him, "Do you think anyone else is responsible for the things that have happened to you?"

Lonetree replied: "I am not going to blame anybody. It's really kind of difficult, but the problem did not just walk right in."

Prosecutors have said that Lonetree was hostile toward his country because he had experienced racial prejudice.

Another defense witness, Lieutenant Commander Forrest Sherman, a navy psychologist who said he had interviewed Lonetree repeatedly in the Quantico brig "to see if he was suicidal" or "in a stable mental state," testified that the marine had told him: "I am an apple — red on the outside but white on the inside."

Major Henderson closed for the defense with a plea for compassion, alluding to the fact that Lonetree had turned himself in to U.S. authorities.

Thieves Steal Beer in Dublin
The Associated Press
DUBLIN — Thieves have stolen 220 kegs of beer from a customs depot here, a week after customs officers seized the beer from smugglers near the border with Northern Ireland, the police said Tuesday.

Police Enter Rio Slum to Quell Fighting By Drug Traffickers

Agence France Press
RIO DE JANEIRO — The Brazilian police launched an operation early Tuesday to take control of a Rio de Janeiro slum where two rival gangs of drug traffickers had been fighting for five days, police sources said.

A gun battle broke out between the police and the gangs at 6:30 A.M. and lasted for more than an hour, the sources said.

According to local news reports, 17 people were arrested in Santa Marta, the slum neighborhood in the southern part of Rio. The two rival drug lords were said to have fled the area.

Before Tuesday, police had limited their activity to guarding the access points to Santa Marta. They said they feared a police invasion could lead to heavy casualties among the 20,000 people who live in the slum.

Authorities say Santa Marta is one of the main arteries for drug traffic flowing toward wealthy neighborhoods in the southern part of the city.

Albania, Bolivia Agree to Ties
The Associated Press
VIENNA — Albania and Bolivia have agreed to establish diplomatic relations, the official Albanian news agency ATA said Tuesday.

Pinochet's Intention to Hold Power Raises Doubts About U.S. Policy

By Bradley Graham
Washington Post Service
SANTIAGO — After encouraging the departure of longtime dictator Augusto Pinochet, the Reagan administration is facing a more formidable challenge in seeking to judge from power President Augusto Pinochet of Chile.

General Pinochet's apparent determination to retain the presidency through a single-candidate election next year has raised questions here about the effectiveness of U.S. policy in encouraging the general to leave after 14 years in power.

As Chile nears a political crossroads, moderates on the left are urging Washington to place more pressure on the government, while those on the right are warning that the more confrontational Washington becomes, the stronger General Pinochet gets.

Among the factors complicating the Chilean case have been the absence of a united democratic opposition as well as General Pinochet's formidable skills as a politician.

Even his harshest critics acknowledge that the 71-year-old general is deft at exploiting the opposition's divisions and cultivating the nationalism and professional loyalty of the military.

In statements last week during a visit to Santiago, Robert Gelbard, deputy assistant U.S. secretary of state for South American affairs, put the United States on record as preferring competitive presidential elections in Chile. But he also backed a planned single-candidate plebiscite provided the vote is held with safeguards against fraud.

Much of Chile's democratic opposition wants the United States to go further and apply economic sanctions. At a minimum, the opposition wants Washington to support the kind of social mobilization and mass demonstrations that undermined Jean-Claude Duvalier in Haiti and Ferdinand E. Marcos in the Philippines last year and forced a democratic opening in South Korea this year.

Several bills recently introduced in the U.S. Congress reflect growing concern on Capitol Hill about General Pinochet's intentions and the Reagan administration's measured policy.

U.S. officials still hope that some coalition of center-right opposition groups can entice the armed forces into an agreement on a mutually acceptable civilian candidate for the plebiscite.

Responsibility for picking the nominee rests with the commanders of the armed forces and police. General Pinochet, who is openly campaigning to be the candidate, announced last week that the plebiscite would be held in "about a year," earlier than the March 1989 constitutional deadline.

The U.S. strategy includes urging the military to break ranks with General Pinochet. To this end, the Reagan administration has declined to vote against international loans to Chile. Sanctions, officials say, would antagonize conservative forces in Chile and arouse nationalist resentment that could serve General Pinochet.

"A certain ambiguity continues to exist in the U.S. approach," said Hernando Muñoz, a Socialist Party leader who recently completed a book on U.S.-Chilean relations. "On the one hand, the United States has become quite critical of the situation in Chile. On the other

hand, there are signs of support for the regime, as in the relatively large amounts of assistance that continue to come from international financial institutions to which America belongs.

"These contradictions," he continued, "reflect the limits under which American policy must operate. The Reagan administration cannot get too close to a Chilean regime that violates human rights and resists moving toward democracy."

Yet it also cannot afford falling too far into confrontation with a military government whose anti-Communism and pro-free enterprise policies coincide with those in Washington.

But Mr. Muñoz and others fault the United States not only for sending mixed signals but also for seeming to focus on removing General Pinochet rather than on the larger issue of constitutional reform.

Even if General Pinochet is jettisoned, this group points out, the Constitution approved in 1980 gives the military long-term indirect control, deprives congressional representatives of real power and excludes Marxist parties from the electoral process.

The Reagan administration has endorsed calls for constitutional changes. But Washington's roots to maneuver has been stunted by the inability of Chile's splintered democratic opposition to unite around this theme or much else.

There is still a chance that General Pinochet may pull himself out of the running. A commonly discussed scenario suggests that if he fears defeat in the election, General Pinochet may ask to name another candidate and keep his title as head of the armed forces.

What worries U.S. officials is

that an extension of General Pinochet's presidency could trigger greater political polarization, violence and chaos.

The Reagan administration began distancing itself from the Chilean leader after he cracked down on opposition protests in 1983. The arrival in Santiago of a new U.S. ambassador, Harry G. Barnes, in November 1985 personified Washington's decision to intensify criticism of Chile's human rights record and to promote more actively a transition to democracy.

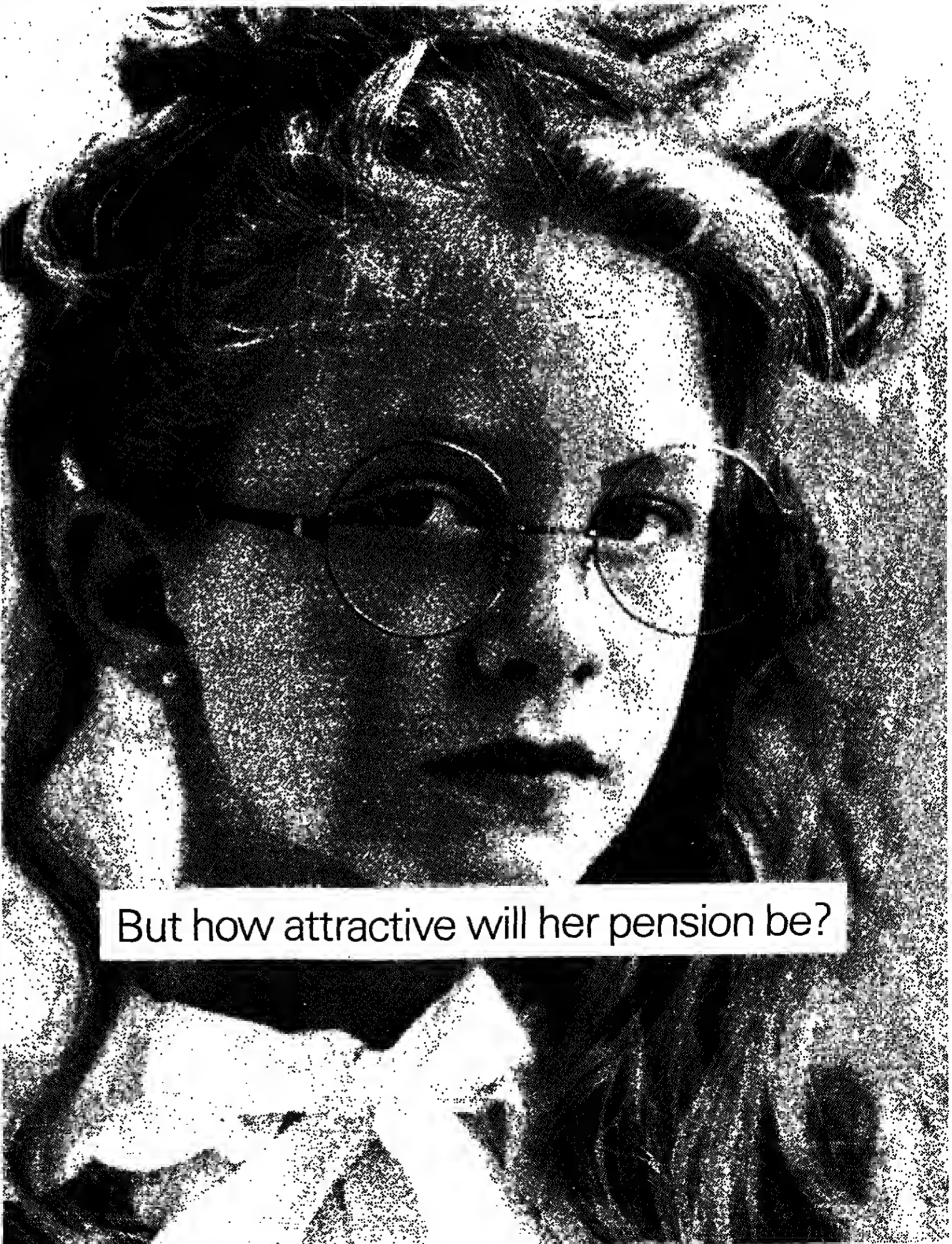
Since then, Mr. Barnes, a widely respected career diplomat, has overseen a broadening of embassy contacts with opposition parties and human rights groups.

The U.S. shift has irritated General Pinochet. The general refused last week to see Mr. Gelbard, the State Department envoy, and avoided a ceremony on Easter Island attended by the U.S. official to inaugurate the lengthening of a runway for use as a U.S. space shuttle emergency landing site.

In public remarks clearly made with the U.S. official in mind, General Pinochet lambasted those who come "to meddle" in or "to investigate" Chilean affairs.

Adding to U.S.-Chilean strains has been the revival this year of a legal case that touches General Pinochet. The United States has renewed demands that Santiago expel two Chilean intelligence officers wanted in the 1976 murder in Washington of the former Chilean ambassador, Orlando Letelier, and an American associate, Ronni K. Moffitt.

Chile has refused to expel the accused officers, General Manuel Contreras and Lieutenant Colonel Pedro Espinoza.



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Herald Tribune

Published With The New York Times and The Washington Post

Hard Times Approach

U.S. Trade Gap in June Grew to \$15.71 Billion. Like Beirut car bombings and defense contract overruns, big trade deficits have become routine. The bad news hardly registers in America, even when the dollar takes a nasty drop. The latest figures are nonetheless stark. Unless America's biggest trading partners stimulate demand at home, a worldwide recession will be hard to avoid.

Why do U.S. trade deficits persist despite a 30 percent drop in the dollar in two years? Japanese and European exporters have trimmed profits rather than accept lower sales volumes. A glut in world production has prevented a rebound in U.S. grain exports. Heavy Latin American debt has forced Brazil and Mexico, two of the best U.S. customers, to cut back on purchases.

The most important reason, though, and the one that looks easiest to correct, is the global imbalance in economic demand.

The U.S. economy is chugging along: unemployment has dropped below 6 percent for the first time since 1980. Japan's, by contrast, seems stalled on the tracks. Its growth rate is an anemic (for Japan) 3 percent, and unemployment approaches a record (for Japan) high of 3 percent. The world's other big economic player, West Germany, is in even worse shape, with less than 2 percent growth forecast and with 9 percent unemployment. As a result, there has been little increase in foreign demand for competitively priced American products. In June, U.S. imports rose by 5.8 percent while exports were up just 1.6 percent.

A Challenge for Duarte

The Arias peace plan leaves El Salvador in a deceptively advantageous place. And was designed in deal with Nicaragua. And, being drawn by governments, it favors the Sandinists: It ends foreign support of local guerrillas and opens the political system only to "unarmed internal political opposition groups." These terms led a wary Nicaraguan President Daniel Ortega to accept a commitment to conciliation and democratic reform. The same terms led an exuberant Salvadoran President José Napoleón Duarte to embrace the Arias plan. El Salvador, an imperfect but striving democracy, can live with the Arias goal of democracy far more easily and credibly than Nicaragua can. In putting an ideological stamp on delegitimizing guerrillas, the Arias plan handed President Duarte a major boon.

So it appears that El Salvador is in a no-win situation. If the Salvadoran guerrillas endorse the Arias rules, halt their cruel economic sabotage and their military raids and join the legal political process, the Duarte forces will have a triumph. This result would also give something to those on the left who believe in democracy and re-

One Marine in Moscow

With the sentencing of Sergeant Clayton Lonetree to 30 years' imprisonment, a major phase of the Moscow marine scandal has come to an end. From the beginning, Sergeant Lonetree was the key figure. His guilt has now been established. His offenses are serious. A member of an elite unit, the embassy guard was the first marine in the 212-year history of the corps to be tried for espionage. Now a military jury has found him guilty of acts that he first confessed last December: He had an affair with a Soviet agent and under her influence gave to the KGB photographs of U.S. intelligence agents, embassy floor plans and more than 100 classified documents. In exchange, he received money from the Soviets.

Disgraceful as this case is, six months ago it appeared to be much worse. Four Marine Corps guards had been implicated, the entire Moscow guard contingent of 28 young men had been returned to Washington and charges were being made that the physical security of the embassy had been breached. But this was not proved. No evidence was produced that serious criminal conduct by the marine guards was not widespread.

Other Comment

More Challenges to Glasnost

Several thousand nationalist demonstrators gathered [last] weekend in the capitals of the three Baltic states — Estonia, Latvia and Lithuania — to mark the 48th anniversary of the Nazi-Soviet pact which led to their forced incorporation into the Soviet Union. These events are the latest in a series of challenges to the logic of glasnost and they have much in common with the earlier demonstrations in Moscow by Crimean Tatars seeking a return in their traditional homeland. As well as seeking some degree of national independence, the crowds in Vilnius, the capital of Lithuania, called for freedom for the Roman Catholic Church and for publication of the secret protocols of the Molotov-Ribbentrop pact which partitioned great parts of Eastern Europe between Germany and the Soviet Union.

By now the broad truth about the gulag, the purges of "innocent" party and military leaders, the collaboration with Hitler and the fact that entire minority groups were repressed is relatively widely known. The Russian people would survive the

shock of a little historic glasnost. But admitting an appalling past to the Russian people, to the Tatars, to the Kazakhs and, indeed, to the Ukrainians and the Georgians, and that would challenge the very legitimacy of the Russian empire. For it would involve admitting that Russia has long been an opportunistic expansionist power which acquired its fringe states and its national minorities by force of arms and governs them against their will.

The Onus Remains on Syria

After nearly 10 months of isolation, Syria seems to be edging its way out of international quarantine. But a degree of caution is in order, since President Assad has yet to prove that he can deliver on any of the issues with which he is promising to help the West, particularly in regard to his relationship with Iran. The onus is on Syria to earn a full return to favor by proving that it can turn its leverage over Iran into genuinely constructive ends.

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OPINION

Prosperity Makes Democracy Inescapable

By John Kenneth Galbraith

CAMBRIDGE, Massachusetts — There have been few times in history when the word "democracy" has been so persistently, even extravagantly, a subject of public reference as to these last months. The bicentennial of the Constitution of the United States, developments in the Philippines and South Korea and possibly even in the Soviet Union, and the didactic rhetoric of Lieutenant Colonel Oliver North have combined to threaten dangerously our ears.

Certainly we have been left in no doubt as to the virtues of this design for government, even in the rather flexible form avowed in the Inalienable Rights. And here is the problem: We have heard too much of the virtues of democracy — a matter of which, generally speaking, we are aware. We have heard too little of its practical utility, and, more especially, given the relevant circumstances, of its historical inevitability.

This failure to recognize the utility and inevitability of democracy is, in turn, the source of one of the most serious — perhaps the most serious — errors in American foreign policy.

The broad and wholly visible circumstance is that there can be and are dictatorships in primitive tribal or landlord-dominated agricultural societies, and perhaps for a while in the early stages of industrial development, or in times of economic regression and hardship, as in Germany and Italy in the 1930s.

People who are subject in their daily lives to the personal authority or economic power of tribal leaders, large landowners or primal capitalists, or to the weight of economic depression, are not especially sensitive to the authority of some civilian or military dictator or junta in the often remote capital. Their freedom of expression is sufficiently circumscribed by the local tyrant, as also by poverty and an all-embracing struggle to survive. Mass illiteracy also contributes greatly to political docility.

All of this changes with economic and industrial development. The controlling circumstance then is simply that a very large number of people, individually and in organizations, insist on being heard. Poverty and ignorance have sufficiently released their grip so as to allow the luxury — in fact, the imperative — of self-expression.

Diverse business interests, trade unions, professional groups, farm organizations, university students and faculty, journalists, publicists, religious leaders, self-motivated custodians of the public interest — the list can be extended almost indefinitely — all wish to have a voice in the way they are governed, and not less in the way others are governed.

The same attitudes that have defeated the exercise of external imperial power in this century resist the unlicensed exercise of authority within the country. The only way so far discovered for allowing this expression and according it some real or imagined effect is some form of participatory democracy — some form of participation in the act of government. Democracy is not, as we regularly suggest, a fragile thing in the absence of any workable alternative. It is inevitable.

All of this could sound theoretical, abstract, were it not so powerfully affirmed in practice. There is no advanced industrial country outside the socialist world that does not have, in one form or another, a democratically oriented government. So it is to the United States and Canada, in Japan, Australia, New Zealand, India (now an emergent industrial power), Brazil, Argentina and Mexico, in Israel and in all of Western Europe without exception.

In the nonindustrial world, on the other hand, democracy is at best

exceptional. Here there is the military dictatorship, the civilian strongman or a permanently dominant minority. What in the industrially developed world is the rule is in the nonindustrial world sadly the exception to the rule.

It is equally clear and certain that as countries develop and move into the modern industrial sector, they reject the old dictatorial or autarchical rule and demand the democratic right of participation and self-expression.

In Spain, Greece, Argentina and Brazil, elsewhere in Latin America and most recently in the Philippines and South Korea. And we also now see the Soviet Union and China making concessions to this insistent demand by the people to participate or, in any case, to be heard.

Our error is to think of democracy as a virtue — something to be cherished but, if circumstances required, rather readily forgone. In a wicked world, we hold that our virtue, little as we doubt it, is not necessary for all. So we come to terms with dictatorial regimes; this is the practical course.

No one is more suspect than the official or politician who rests his or her case on moral grounds. In foreign policy discourse, that is thought soft-headed. Conservatives and perhaps especially liberals have pride in showing that they can be as tough as the practical situation seems to require.

Morality and virtue can be compromised, but historical inevitability cannot. And that is why regularly Americans find themselves holding hands with dictators and repressive regimes while history is marching them out.

So it has been in these last years in the Philippines and South Korea. So it will be in the future in Taiwan, Chile, Pakistan, Indonesia and eventually



Korea's Labor Unrest Has Deep Roots

By Choi Sung-II

WASHINGTON — The surge of worker discontent in South Korea stems from economic dissatisfaction but also from a complex set of cultural and political reasons.

In a Confucian society, benevolence and trust — not contracts — are the basis of human relations. Thus labor unionization, which assumes legal and often adversarial relationships between workers and management, began as a rather foreign concept.

Anti-communist impulses stemming from Cold War politics during the 1940s combined with the cultural resistance to further bumper labor unions. The American military command, which ruled South Korea from 1945 to 1948, cracked down on nascent, worker-initiated unions as part of an anti-leftist campaign. In their place the command set up the National Labor Federation, singularly committed to anti-communism. So labor unions began with a bad limp.

Weak unions, however, do not necessarily mean unrestrained exploitation of the workers. Japanese workers have flourished despite insipid unions. Experts cite cheap labor as an indispensable ingredient of South Korea's model of economic growth through exports. But the predicament of the

country's workers is not attributable solely to the imperatives of an export-oriented developmental strategy.

Korean financial conglomerates had to rely largely on government loans or the allocation of U.S. aid dollars for start-up and operating capital. They thus fell easy prey to government manipulation, as evidenced by the sudden and inexplicable rise and demise of many conglomerates. Precarious existence breeds an unhealthy appetite and an unending attitude.

Korea's feudal tradition also undermined the notion of reciprocity between labor and management based on moral obligations — an intrinsically Confucian norm for which Japan is best known. In feudal times, the lord's benevolence and generosity were repaid with the subject's loyalty and discipline. In modern labor-management relations, contracts and unions would become dysfunctional because high worker productivity and loyalty would be rewarded with generous benefits and job security irrespective of contract or unions. But Korean tradition was that of a strong central power, which made ruler-subject rela-

tionships highly one-sided. Spontaneous reciprocity never took root.

Export industries were initially neither diversified nor technologically advanced, and textile and light consumer goods made up the bulk of exports. Thus the raising of wages would not have expanded the domestic market for these industries, because their products were beyond the level of domestic consumption. Industrialists therefore held the wages down and used the increasing profit to expand and diversify production.

If these are some of the major reasons for the lowly existence of the Korean workers, they are not the only issues that have to be addressed in resolving the labor unrest.

The degradation of labor is inextricably linked to the discrimination against women. Female laborers, representing half of the total work force, are subjected to harshly discriminatory labor practices and earn pitifully less than male workers do. Female workers and professionals are forced to resign on marriage. Most young women in manufacturing live in dormitories and net less than \$100 monthly while working more than 200 hours.

Also, although workers are the largest group in society, they have never had political representation. They have human needs and wants beyond higher wages and agreeable working conditions. They need an institutional forum to articulate and press for their human interests.

Better wages and limited unionization, therefore, will not provide an enduring solution to the labor unrest.

The case in point is Hyundai, the country's largest conglomerate, which was pressured by the government to permit the organization of Hyundai unions. Because work-site unions are vulnerable to management manipulation and control, this is a limited, albeit welcome, development.

Obviously the government must do more than posture as a mediator between labor and management. It has to strive for a fundamental solution including legislation providing equal and fair treatment of female workers, improvement of rules and regulations regarding work safety, restoration of workers' collective rights, and the right to organize industry-wide unions.

Otherwise labor unrest will recur or persist, thereby endangering the future of South Korean democracy.

The writer, a former ambassador to India, is emeritus professor of economics at Harvard University. He contributed this comment to The New York Times.

The writer, a former ambassador to India, is emeritus professor of economics at Harvard University. He contributed this comment to The New York Times.

Sandinists: Challenged By a Priest

By Bismarck Carballo

WASHINGTON — I was born in Nicaragua, but I have not been allowed to return to my country for more than a year. I am a priest, but the government does not allow me to minister to my people. The Catholic Bishops' Conference of Nicaragua has met more than 10 times with the Sandinists without being able to resolve my case. The Inter-American Commission on Human Rights, the conference of bishops of the United States and Central America have intervened on my behalf, without success.

In the peace agreement that Nicaragua has just signed, the Sandinists committed themselves to restoring what they took from the people: freedom. I am not alone. There are many of good will who are ready to go back and sow democratic values, with great expectations and hope. While I have hope, I also remember the suffering that I endured at the hands of the Sandinists: the effort to discredit me as a priest; the suspension of television and radio broadcasts of the Sunday Mass; Archbishop Miguel Obando y Bravo; the confiscation of printing equipment, medicine, and records of the archdiocese of Managua; and, finally, my prevention from returning to Nicaragua in June 1986.

A few Sundays ago, during Mass, we meditated on the powerful parable, in Matthew 13: 24-43, of a man who sowed weeds among the wheat. In 1979, the Nicaraguan people — all sectors of the population — sowed the good seed. Full of hope and expectations. Unfortunately, we who favor democracy fell asleep and the enemy came and sowed the weeds in the fields of Nicaragua. In the parable, the wheat will be harvested and gathered into the barn, while the weeds will be tied in bundles to be burned. I do not intend trying to establish a perfect parallel between Jesus's parable and our situation in Nicaragua, but there is no doubt that our enemy is real, and that the weeds are trying to choke the wheat. Moreover, in the international market of ideas, the weeds are being sold under the guise of wheat.

The Central American peace plan, signed on Aug. 7 in Guatemala, offers us the opportunity of again sowing good seeds in Nicaragua. We all believe that there must be good will when an agreement of such magnitude has been signed. After having lived through the first experience, however, we know that it is our duty not to fall asleep, but to keep watch and prevent the enemy from frustrating our people's longing for peace and freedom. We need a minimum of assurance that what was taken from us will not again be stolen.

I ask that, before Nov. 7, the deadline set by the accord for Nicaragua to lift its five-year state of emergency, the Sandinists restore the right of being able to live to one's country, and other natural rights inherent in the people. I call for the respect of church rights in Nicaragua, including the right to own and use the means for mass communication. I await the reopening of Catholic Radio, closed in 1986, and the return of the church's printing press, taken by Interior Ministry officials in 1985. The Sandinists also must permit the return of Bishop Pablo Antonio Vega Mantilla and 18 expelled priests, including myself.

When the Sandinists have provided the necessary guarantees, I invite Nicaraguan exiles to form a group willing to return to test the good will of the Sandinists. Our American friends can help provide the assurances we need. They must not assume the good will of the Sandinists. They must expect deeds, not simply words. They must not neglect Central American events in order to direct their attention to news in other parts of the world.

On Aug. 15, a few Nicaraguans went in good faith to make sure that they could use their legitimate rights. The protest march was repressed by Sandinist police equipped with electric prods and using trained dogs. Lino Hernández, the director of the Permanent Commission on Human Rights, and Alberto Saborido, a leader of the Conservative Party, were jailed. These men are not terrorists; they are honorable citizens, respected internationally and they were sentenced, without trial, to 30 days in prison for making use of their constitutional rights.

The churches, labor unions, human rights groups and media must not abandon the people of Nicaragua who have democratic ideals. They must not be indifferent when individuals such as Mr. Hernández act to make use of their legitimate rights.

The writer, episcopal vicar in the archdiocese of Managua and director of Catholic Radio, has resided in the United States since, while returning from Europe, he was barred from Nicaragua. He contributed this to The Washington Post.

Political Women: Hard Heads Prevail

By David S. Broder

PORTLAND, Oregon — From its beginning 16 years ago, the National Women's Political Caucus has been pro-choice. On issues of reproductive freedom, including the abortion option, the caucus and the women's movement remain single-minded and strong. But the biennial convention here last week showed that the 1,000 or so delegates — and presumably the 77,000 other activist women who belong to the NWPC's state affiliates — are struggling with other choices.

The Republicans in the caucus, who call themselves moderates or progressives, are weighing whether they can remain both feminists and loyal Republicans.

Democratic women members, almost all of whom fall on the liberal end of the spectrum, are torn between the emotional appeal of the prospective presidential candidacy of Representative Patricia Schroeder and the practical considerations that have taken many of them into leadership roles in the campaigns of the seven male contenders.

The mood of the Republican women was captured in the button worn by Sharon Hageman of Riverside, California, head of the NWPC resolutions committee. Between an elephant and an equal rights symbol were the words, "It ain't easy."

Republican women of the NWPC feel that they are being shunned by their party. Kay Orr of Nebraska is the only woman governor elected last year and the head of the 1988 Republican platform committee, did not come to Portland to discuss the issues. Nor did Maureen Reagan, an avowed feminist who is co-chairman of the national Republican Party.

All the prospective presidential candidates were invited. Five Democrats and no Republicans accepted. The Republican gentlemen, said Mary Stanley, co-head of the Republican women's task force, "are afraid to come here because word might get out to the New Right, Ronnie-comme-lately Republicans that they said something we liked."

"The stress and strain of being effective both as a Republican and as a feminist are too difficult."

"support the nominee, be a good loser and then move in." In time, she said, she and like-minded people may be able to wrest control of the Republican Party conservatives and even "elect a woman Republican president by the year 2000."

Others are discouraged that not one Republican presidential contender is running on a pro-choice, pro-Equal Rights Amendment platform. They are planning either to sit it out in 1988 or to put their feminist first by supporting Ms. Schroeder. Martha Ezzard, who made a credible losing run for the 1986 Republican senatorial nomination in Colorado, quit the legislature last month and switched parties. Several other Republican women said they were contemplating enlisting for Ms. Schroeder.

Many of the Democratic women flinch from the choice presented by the possible Schroeder candidacy.

She drew cheers here, but party activists and public officials, up to the level of Vermont's Democratic governor, Madeleine Kunin, who have endorsed other candidates, made it clear in interviews that their previous commitments would stand.

Ann Lewis, head of the Democratic women's task force and an adviser to Jesse Jackson, said, "There's a strong feeling Pat ought to be running, that the field would be better with her in it. But the women with power bases and commitments of their own are not saying 'I will be there.'"

Said Irene Navridad, head of the NWPC: "If Pat runs, we'd go through the same process we would with any other candidate. We'd look at the viability of her race, her funding, how she stacked up against the other candidates. We've reached that state of maturity."

On issues, women activists have moved beyond symbolism. When speakers mentioned the ERA, there was none of the fervent shouting of those initials one heard at earlier NWPC conventions. "It doesn't have the same emotional intensity," Ann Lewis said. "It remains an important symbol, but people are much more focused on electing women to office at all levels, making our impact felt on the presidential platforms and campaigns and defeating the Bork nomination."

In a similar vein, Republican Hageman said she found the year's NWPC resolutions debates (from which the press was excluded) "less strident, more focused than ever before." A proposed constitutional amendment to allocate half the House and Senate seats to women got short shrift in her committee. "I simply asked the sponsor if she wanted me to work against Pete Wilson (the Republican senator from California) at the same time I'm lobbying him on the Bork nomination, or did she propose to double the size of the Senate."

Symbolism is out. Hard choices and hard-bodded judgments are in.

The writer is executive director of the Korean Institute for Human Rights, in Arlington, Virginia. He contributed this comment to The Los Angeles Times.

IN OUR PAGES, 75 AND 50 YEARS AGO

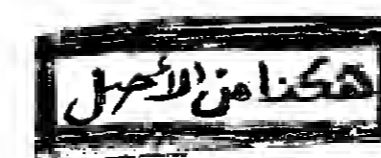
1912: Anger in Belgrade

BELGRADE — Late this evening [Aug. 25] a meeting was improvised by students before the University. The orators protested against the passivity of the Serbian Government and proposed the formation of a Coalition Cabinet for the purpose of protecting the Serbian population in the vilayet of Kossovo — even at the cost of war. A large crowd gathered and made a demonstration. About six thousand people paraded before the King's Palace and the Foreign Office, but nobody appearing, the crowd dispersed. The excitement caused by the massacres of Serbians to the Sandjak is increasing.

ROME — Contrary to the news emanating from Constantinople, Montenegro has not mobilized its army. As a simple measure of precaution it has merely sent a few cannon to the villages adjoining the Turkish frontier.

1937: Santander Falls

FRANCO-SPANISH FRONTIER — Santander surrendered this afternoon [Aug. 25] as the result of a revolt of a portion of the civil population, aided by the police and Civil Guards, against the governmental authorities, according to wireless reports from Salamanca. These reports stated that the surrender of the city was preceded by street fighting, which ended with the insurgents seizing control of the city. Nationalist troops are expected to enter tomorrow. "While the government army was hastening to retreat, last-minute sympathizers within the capital seized the government building aided by Civil Guards, without bloodshed, to prevent the extremists from destroying the city," the Salamanca radio stated. "Four columns of our troops are now approaching the capital... Santander is entirely in our hands."



OPINION

The Odd Fellows: Censors, Spies and Pornographers

By A.M. Rosenthal

NEW YORK — The passion for freedom of the mind is strong and everlasting, which is fortunate, because so is the passion to squelch it. Just when those of us who insist we have the right to read, write and think as we please begin to relax a bit, along come government, friends and neighbors driven by the desire to tell us what is good for us.

ON MY MIND

book that is now the No. 1 best seller in the United States and is being piled high in U.S. airports for British travelers to take home and for scalpers to peddle in London. "Spycatcher," by a former member of the British Secret Service, deals with events mostly decades old, but shows how British intelligence tracks and sometimes tries to manipulate elected officials. It owes its best-seller status entirely to Margaret Thatcher's dogged efforts to suppress it.

This is the same kind of clumsy collaboration between British courts and government that kept Harry Evans, a talented editor with a large supply of feistiness, from printing the story of why thousands of babies around the world, including many in Britain, were born with flippers for arms or legs. Mr. Evans, then editor of The Sunday Times and now editor of the American magazine Traveler, fought valiantly in the British courts. Finally the European Court of Human Rights upheld him, and British readers learned what had happened to pregnant women who had swallowed the tranquilizer called thalidomide. It took 10 years.

Some years ago I was talking at dinner to Sir Robert Marks, then head of Scotland Yard, on the importance of guaranteeing press rights against censorship. Sir Robert looked at me coolly and said: "Sometimes I think it is a pity Americans and Britons speak the same language. It leads us to the erroneous assumption that we share the same ideas and attitudes."

So I was all prepared to commit a column about how, in the United States, neither the "Spycatcher" nor the thalidomide cases could happen. Then I read details of the latest American censorship drive, backed by the full might and glory of the government of the United States. It is against obscenity and pornography. Actually, it is easy for anybody to fight both. Do not write or publish dirty words or take filthy pictures. Do not buy publications that strike you as sexually offensive, or permit your children to do so.

The Department of Justice created the magnificent named National Obscenity Enforcement Unit to help

state censors and to bring federal pressure and legal hocus-pocus into play. Federal officials say fighting obscenity is a national priority, which should suit drug runners just fine. This is not to sneer at people disgusted by sexual explicitness, but it is to suggest, otherwise the vast pornography industry would not exist.

The question, then, is: Should satisfying the appetite for obscenity be criminalized, as is the drug traffic? Let's not avoid the issue by focusing only on child pornography; that can be fought with child abuse laws already on the books. This is a government and public campaign to harass out of existence producers of books and movies considered sexually offensive by officials or members of a community. They can rule it out of their own lives and exercise parental control. But they wish to use every method, legal, economic and political, to rule it out of the lives of everybody else. That is the issue and should be acknowledged.

There is material far more vicious than pornography, whose dangers are still debated. Words of contempt and hate have led to war, oppression, death, massacre



and slavery. Since filthy hates are far more dangerous than filthy pictures, shall we outlaw "Mein Kampf," "The Protocols of the Elders of Zion," the anti-black garbage of the Ku Klux Klan? Shall we prevent the publication of racist sermons and speeches labeling a religious group or race as gutter people, the kind of language that was the psychological foundation

LETTERS TO THE EDITOR

Observations on Glasnost, as Seen Through Other Eyes

Regarding the opinion column "Looking for Glasnost on the Scene" (Meanwhile, Aug. 11) by Stephen Williams:

I was in the Soviet Union at the same time as Mr. Williams, but I have been going there regularly since 1969, speaking the language fluently (I am a free-lance translator), and have many friends there. After I read his article, I tried to picture what my impressions would be if I were American and going there for the first time this year. That was rather easy for me to do because I had met several Americans who happened to be on their first visit. The basic difference between them and Mr. Williams was that, from the moment they arrived in the Soviet Union, they looked for friends to guide them in a country where the language is a barrier and the customs so different. And they succeeded in perceiving what is obvious to me: that something new really is taking place there.

First, let's take the way the Russians dress, which is infinitely better than most Americans. They have taste and manage, with what they find in the stores and on the black market, to have a perfectly decent appearance. Conservative, certainly. But jeans are common, and so are T-shirts. They were not a few years back. The government-controlled press has

long decided the laggardness of the construction industry. So no one is surprised at seeing weedy-looking backyards in Moscow and Leningrad. They are still cleaner than those in the Bronx, and less dangerous. "Good Evening, Moscow," the popular live television program on every evening between 7 and 8, takes questions from the audience on this controversial topic and many others.

Mr. Williams's one venture off the tourist circuit did not take him to many markets, obviously. There were lots of fresh vegetables and greens, plenty of fruit, and I even saw wild strawberries being sold by the glass. The real problem: they are very expensive, and that, too, is a hot topic on television.

Hunting for punks is a rewarding experience if you enjoy suburban back alleys at night. But you can see some samples in downtown Leningrad when the white nights hit Nevsky Prospekt.

Off-limits places? If you want to go, Mr. Williams visited the famous Perekhino graveyard without any problem. And when the guide tells you it's difficult to get there, she is just being lazy. The only requirements that you not go more than 40 kilometers (25 miles) outside the city on your own. You have to ask the guide, and if she is not too lazy,

or if she is friendly, she will take you. When newlyweds lay the bride's bouquet on the grave of the Unknown Soldier, it is homage paid to the victims of a war that affected every family in the country. Patriotism in Russia has the same color as in America: the people are proud of their country, its history and its victories, and proclaim it loudly.

I should add, from my own experience, that there is a real effort to uproot alcoholism, and to apply "efficiency" (the word does not exist in Russian) at the workplace. It will take time but at least people are asked to compare their methods with what is being done abroad, and that was taboo until last year.

Food security brings me to what struck me most this visit: the paradox in which Soviet society now lives. Some hotels let you in without any controls, others let you not even let in foreigners from other hotels. There is no rule. You have to give it a try and see what the reaction is.

And this is truly where glasnost is hiding these days: Some things which were very reprehensible a while ago are so no longer, while others are just as dangerous. But the only way to find out is to try. The Americans I saw did just that. If it did not work, well, they knew that this country had a long way to come. If it worked, then it was a little ray of hope, and we all agreed that we found

a considerable number of rays. Not enough to brighten up the scene completely, but enough to feel better as you left your Russian friends behind, knowing that, now, they might be facing their future instead of surviving the war.

NATHALIE NOVIK
Paris.

It is a sad reality that, apart from the many "official" barriers imposed on tourists in the Soviet Union, the only English-speaking Russians one is likely to encounter are tourist guides, usually purveyors of the strictest dogma, or black market traders whose interest in discussion is limited to Levi jeans and Swatch watches. Thus, observation becomes the sole means of evaluating the Soviet Union and the effects of glasnost.

If the visitor lacks knowledge of Russian, observation degenerates into comparison — not of abstractions such as political systems or personal freedoms but of tangibles such as consumer goods. But do these comparisons truly address the issue of glasnost in its admittedly infant stage? Moscow today may not resemble Prague in 1968, but it would be shortsighted not to see the changes taking place. Spring is always preceded by a slow winter thaw, however imperceptible.

JOSEPH METCALFE
London.

Princeton: A Toothless Tiger Is Shot Down in Academia

By Leonard Koppett

NEW YORK — What follows is sheer curmudgeonry. It is my intention to wit, tease, insult and discomfort any and all of my friends connected, however tenuously, with Princeton University by calling attention to what I consider the total disintegration of Princeton's academic standards.

I do this to indulge an animosity that began when I entered Columbia University in 1940 and thereupon inherited

MEANWHILE

vendetta. In 1904, Aaron Burr (Princeton) killed Alexander Hamilton (Columbia) in a duel; certain subsequent sports results, especially a basketball game in 1948, helped keep my indignation fresh.

And while Columbia alumni take vicarious pride in the attention being paid to Hamilton during the bicentennial of the U.S. Constitution, to whose adoption he contributed so much, we also don't hesitate to remind Princetonians that Burr wound up being tried for treason (but was acquitted, I admit).

Now, Life magazine, in its current issue, reproduces, with her permission and comment, the four-year academic transcript of Brooke Shields, the actress, who was graduated in June. The record itself reflects nothing but credit on the young lady. She got all As and Bs, and obviously paid attention to her school work. The criticism that follows is not directed at her, nor intends to suggest that there is anything wrong with the courses she took, her spheres of interest or the academic quality of the courses she did take.

What caught my attention was the totality of her program: that is, what it takes to get a Princeton degree these days. Princeton has always presented itself as the purveyor of a superior traditional liberal arts education, producing well-rounded minds steeped with the basics of Western culture. Like Harvard and Yale, the only two institutions Princetonians consider their social equals (although Harvard people have great reservations about the upstarts from New Jersey), Princeton is supposed to provide no mere "college education," honorable as that is in itself. It is supposed to aspire to a level of intellectual and cultural breadth exceptional in America and suitable for an especially favored elite of true "gentlemen" (and, since going coed, "gentlewomen") in the best sense.

This is the image projected. We Columbia people may have our opinions about how individual Princetonians live up to such claims, and may know from experience that their interest in their eating clubs, squash courts, genteel courting and social contacts often ex-

ceeded their dedication to mental development. But we haven't questioned the devotion of the institution itself to a thorough education. Until now.

Brooke Shields majored in French. In four years, she took 116 credits (hours) and received another 16 hours of credit for individual work in her junior and senior years. To put it another way, she took 30 one-semester courses.

She took four courses in French language and five in French literature, plus three courses in acting, three in cinema analysis, one in dance, one in contemporary English drama. Together, these courses accounted for 59 percent of her classroom hours.

She took three semesters of ceramics (10 percent of her classroom time). She took three courses in psychology: introductory, abnormal and "Theories of Psychotherapy" (10 percent).

She had two other English courses: "Women and the Novel" and "Victorian Children's Literature" (7 percent).

The other courses, one semester each, were "Philosophy and the Modern Mind," "Comparative Family Systems," "The Self in World Religions" and "History of Earth and Life" (geology).

I don't doubt that the content of each course was excellent. But if that adds up to a liberal arts education from a place like Princeton, there is no longer any danger that our society will ever suffer from elitism in any form.

That education apparently contained no courses in classical studies (history, philosophy, literature of the ancient world), medieval history, modern history or U.S. history; no hard science requiring any kind of lab; no math; no anthropology; no economics; no political science or government; no basic sociology; no world literature; no American literature; no survey of Third World cultures; no geography; not even computer literacy.

That's no fault of hers; by my lights, Miss Shields was cheated.

Princeton's motto, "Dei sub numine viget," translates from the Latin as: "Under God's guidance, it flourishes," with the "it" referring to Princeton. My (reer) translation is: "Boy, we've got good networking!" But it is the word "flourish" that now is in question, and if a program that light, and that loose, can lead to a degree at Princeton, what possible excuse can there be for a continuation of inferior football teams in Palmer Stadium?

The writer, a former sports reporter for The New York Times, is editor emeritus of The Peninsula Times Tribune, in Palo Alto, California, from which this article is adapted.

GENERAL NEWS

In Spain, Real Estate Swindles Cloud Foreigners' Dreams for Retirement

The Associated Press
CALPE, Spain — Last summer, Bill and Doreen Langford sold their house in England to move into a retirement house they paid \$66,000 to build near this village on the eastern Mediterranean coast. But when they arrived, their dream house did not exist. The Langfords found a half-finished foundation and a hole in the ground where their swimming pool should have been.

Now the Langfords are living in the house, but they are still awaiting electricity and water installation. The swimming pool is still a pit. Their dream of a carefree Mediterranean retirement life has become a nightmare of legal disputes, labor headaches and depleted bank accounts.

Most foreigners who buy houses in Spain get legitimate deals and settle down to a comfortable life. But some of the estimated one million Britons, West Germans and other northern Europeans who have flocked to Spain have faced unpleasant surprises.

"We just wanted to retire and do the garden," said Mr. Langford, a former British Telecom employee. "Our savings have been virtually spent on the house and we have neither the time nor the money to spend on a legal action."

Real estate experts are warning prospective buyers to be sure that they understand Spanish real estate laws. And the Spanish government, facing pressure from the European Parliament and aware of growing foreign investments, is taking action against local and foreign swindlers who have been wheeling and dealing for years.

Foreigners invested \$1.6 billion in Spanish real estate last year. "We've got a movement in Madrid that never existed before," said Edward McMillan-Scott, a conservative British deputy in the European Parliament. He has made several trips to this booming region north of Alicante to investigate what he calls the "golden fleece" of European retirees.

The government has established a 12-member commission to investigate shady real estate practices. The state mortgage bank has recommended prosecution of two Spanish developers who borrowed

money against unsold houses, and then signed sales contracts saying the properties were free of debt.

In one respect, the Langfords were lucky. They still own their house, unlike others who lost their property in public auctions because they had improperly drafted sales contracts or old debts they did not know existed.

A 15,000-member foreign property owners' group has sent 350 cases of alleged real estate fraud to

the Socialist government of Prime Minister Felipe Gonzalez in Madrid.

Spanish officials say they have resolved 20 percent of the cases.

Gone are the days when, in the early 1960s, the hardy few moved to Spain as an adventure, remodeling crumbling houses in small villages at little cost and with little regard for building codes and regulations.

Now, real estate developments line the country's 1,800-mile (2,900-kilometer) Mediterranean and Atlantic coasts, blotting out the view of the sea for all but the very fortunate or the very wealthy.

Prices range from 1 million pesetas (about \$8,200) for a studio apartment in Torremolinos, a crowded village south of Malaga, or 3 million pesetas for a two-bedroom duplex in a coastal development, to amounts that discourage all but wealthy Arabs who build palaces on the Costa del Sol.

Of the foreign property owners

in Spain, 30 percent are British. West Germans account for about 25 percent.

Dutch, Scandinavian and French seasonal tourists and permanent residents form most of the rest of the foreign population.

A 7,000-unit retirement village is in the works for Japanese residents in Mijas, in the mountains behind Malaga.

About 50,000 foreigners bought property in Spain last year, according to the Foreign Property Owners Institute, which is based in Calpe. Of these buyers, 30,000 were British.

Some are middle-class retirees who were persuaded to buy houses by fellow countrymen who deliver high-pressure sales pitches and offer quick buying junkets to development sites, said Mr. McMillan-Scott, the European Parliament deputy.

Henry Lock, an official of the property owners institute, said that upon arriving, many naive owners discover disputes over water rights and disconnected power lines, half-built houses and inflated construction costs.

"There's often a fine line between what's fraud and what's not," he said. "All is well as long as the ball keeps rolling. You just hope it doesn't stop on you."

He said that the best way to prevent problems was to consult a Spanish lawyer who could conduct a title check for old debts.

At a housing development outside Calpe, a group of 54 foreigners went to a local lawyer after a bank told them to cover an old debt of \$7,500 each or face public auction.

Ted Ware, a retired engineer from Plymouth, England, notified Mr. McMillan-Scott, who convinced the bank to postpone demanding payment of the mortgages while he pursued the matter with government agencies in Madrid.

After studying the case and a similar one in nearby Denia, the bank asked the public prosecutor to file criminal charges against the Spanish developer.

Mr. McMillan-Scott said the case could set a precedent because it would hold the previous owner responsible for the money he had borrowed.

Hess's Body Will Be Moved to Family Plot

The Associated Press
BERLIN — Rudolf Hess's relatives plan to have the former Nazi leader's body transferred to the family grave in northern Bavaria once "everything quiets down," the family lawyer said Tuesday.

The Hess family said a burial was held Monday at a secret location to avoid expected demonstrations by extremists near the family plot in the town of Wunstedel.

Mr. Seidl also said Hess's son, Wolf-Rüdiger, was improving following a stroke Sunday. "He has improved a little, but he must remain in the hospital," Mr. Seidl said.

INTERNATIONAL HERALD TRIBUNE CENTENNIAL MESSAGE FROM THE INTERNATIONAL HERALD TRIBUNE

NOTES ON A CENTURY

The 'Onyxpected' Wonders Of Life in Paris Cafes

A discussion in front of the Café Le Dome, Montparnasse.

The author of this column was a Paris Herald reporter and editor from 1929 to 1933, when he returned to the States to join the Baltimore Sun. He has published short stories, essays and a novel and today, in retirement, continues to contribute to the Sun's editorial page.

By R.H. Harris

Gertrude Stein called us a Lost Generation, but Paris was the place to be in the 1920s and 30s and Paris was where we found ourselves. Escapists and discoverers, we expatriate Americans had got away from Prohibition and puritanism and found an inexpensive home-away-from-home in the café life of France.

From the working man's little bistro-caboc to the places that only the rich or those who had budgeted for on-the-town boozing could afford, cafes were havens of geniality.

Many a young expatriate American found this freedom encapsulated by the atmosphere of one specific café in one specific arrondissement. This was especially true of those involved (or trying to become involved) with the creative and performing arts. The French, in my time on the Herald, had a tolerance, sometimes amounting to genuine affection, for these folks, and perhaps for resident American newspapermen (always respectfully called journalists).

The prime example was Ernest Hemingway. When still young and poor he made a working-man's bistro his hangout. Later on, when he became famous, the Closely des Lilas became famous, too.

Actually, Hemingway was more often in Paris by the time I arrived in Paris, but he returned from time to time. He had subler his digs (where he, wife Hadley and their infant son "Mister Bumby" had lived) to my Herald-staffer friend, Ned Calmer, who would eventu-

ally become a U.S. television newsmen and novelist.

Most of the Herald staff lived on the Left Bank, and had definite café preferences there.

On the Right Bank, where we worked, cozy bistros were scarce, especially in the high-rise district near the Herald's Rue de Beaubien building. This made the night staff highly appreciative of the Onyx Café, located on a convenient side street. The owner would serve us after hours, risking license trouble. Usually we were able to fix things for him with the police. The Onyx Bar actually had an onyx slab (hence its name) but we pretended to believe that the proprietor was Monsieur Onyx until Tom Marvel came up with the logical explanation that the bistro was named Onyx because it was so "onyxpected" to find it in the area.

In Montparnasse, the Dôme and its rival, the Coupole, were prime gathering places for celebrities in the arts, for posters and for tourists who hoped to pass as hardened Bohemians. The terrace of each café extended far out on the broad sidewalk and was well-filled from early afternoon to next day's dawn.

If you weren't seated at a table by 4 p.m., you might as well go elsewhere. The ambience was raffish; from time to time, a drunken American started a ruckus, quickly put down.

In my Herald years I often walked alone from the office, around 3 a.m., down the Champs Elysees to the Place de la Concorde, across the Seine and along the Boulevard Saint-Germain to my flat. I carried a stout cane, but never had to use it defensively on the way home.

Home on the Left Bank was in the Latin Quarter. There it was not uncommon for a café to have its resident poet, artist or author, whose modest expenditure for food and drink entitled him to a writing pad, pen and ink and free stationery.

My hangout was the Café de la Flore, on the Boulevard St. Germain, where for a time I came to be treated as its resident writer. Across the street was the Brasserie Lipp. Near the Flore, on the same side of the boulevard, was the Aux Deux Magots.

At these two cafes, the chicory-roasted coffee was the most emphatic, their croissants and brioches the freshest, their light meals the tastiest and the house wine the most respectable, of all Paris. This was in the very heart of creative Paris, where writers and publishers, artists and gallery directors lived within a block or two of each other.

At the Flore, the waiters tactfully kept boxes away from my table where I wrote the rough drafts of short stories and essays... and most of a first novel. My routine was to have breakfast there at noon, then write a chapter and take it with me to the Herald.

The novel had nothing about Paris in it; its setting was the rural South, which I could see more clearly at the Flore than I had ever seen it at home. Titled "The Foxes," it made the New York Herald Tribune best-seller list in 1936 and got good reviews in Time and other American magazines.

A decade or so later came a real celebrity, Jean Paul Sartre, the Existentialist author. He made the Flore his hangout, and brought it more fame than it really warranted.

This is the 25th in a series of messages about the IHT which will appear throughout the Centennial year.

ARTS / LEISURE

'White Hope' Is Revived At Mermaid

By Sheridan Morley
LONDON — Howard Sackler's Pulitzer Prize-winning "The Great White Hope" was, back in 1967, the play that made a star of James Earl Jones on Broadway and later on film.

THE LONDON STAGE

Flamboyant central performance. Hugh Quarshie, who created the role of Jack Jefferson (a reality the first black heavyweight champion of the world, Jack Johnson) in the original London staging by the same director at the Tricycle Theatre two years ago, is essentially a company man content to take his place at the head of a cast of 30, but also content to let the play stand or fall on its own merits rather than those of its leading man.

And Sackler's play does have its problems, not least a sketchy plot spread over 18 scenes and a second-half travesty which drifts around the world much like its hero, gradually losing all purpose and energy. The story of Johnson's rise and fall in the years surrounding World War I is seen through the racial perspective of the 1960s; the central issue here is how the white community in the United States and even abroad reacted with horror and then revenge to the idea that a black could beat the hell out of a boxer from a supposedly superior race.

When Johnson came to London in 1911, only a few months after his victory but already at the start of an increasingly disastrous exile, the chairman of the local boxing authority declared that "the sight of a black man pounding a white man is far from attractive and cannot be considered public entertainment." At home his championship was regarded as little short of an incitement to black rebellion, hence the frantic search for a "great white hope" to take the title back.

Sackler tells us their tale in the manner of a historical pageant, telescoping Johnson's private life into encounters with one angry black mistress (Valerie Buchanan) and one suicidal white woman (Jill Baker) while allowing us to hear from various white promoters and FBI agents the fears caused by Johnson's refusal to toe any marital or social lines that might have made him acceptable to the whites.

Elsewhere, it is proving an artistic summer for the London theater. Last week a life of Augustus John; this week, William Hogarth. In the Barbican Pit from Stratford, Nick Dear's "The Art of Success" has already attracted a certain amount of critical flak for its portrait of Hogarth as an 18th century time-serving, money-grubbing hack instead of a great radical social commentator. But on its own terms the play works well enough as a scabrous comedy of appalling manners, even though it occasionally seems as though the author has something more sociologically ambitious in mind.

He has telescoped into a single frantic night 10 years of English history, the decade from 1732 that saw the publication of Hogarth's "Harlot's Revenge," the passing of the Copyright Act for which he fought to insure his own wealth, and the establishment of the lord chamberlain as theatrical censor, an act which drove Hogarth's friend Henry Fielding away from plays and toward the more subversive possibilities of a novel.

At first, it looks as though we may be in for nothing more than a kind of Ken Russell hatchet job, setting out to prove that Hogarth was indeed a nasty little opportunist with some decidedly kinky sexual tastes; but soon enough, Dear throws us up against a ritual discussion about whether art is property or communication, and whether Hogarth has any right to the title of artist at all: "What cathedral? What frescoes? Any hack can do titchy portraits."

Framing this discussion is a violent and bloody play about sexual and social appetites, one that holds together well enough until the interval but then begins to fall apart as its many themes collide in a frantic black farce involving Prime Minister Walpole and his insatiable Queen Caroline, assorted harlots, and the murderous Hogarth was sketching on the night before her execution but who now has escaped to get her drawing back since she reckoned it an unfair likeness.

Dear has a good sense of irony ("I got a Titian for £2," boasts Walpole, "and already it is worth twice that") and a strong sense of theater, but Adrian Noble's production on a raised platform of blood and mud cannot altogether overcome the ultimate lack of organization, despite strong performances from Michael Kitchen as Hogarth and Niamh Cusack as his increasingly disenchanted wife.

Upstairs on their main Barbican stage, the Royal Shakespeare Company has a drastically recast, revised and reconsidered "Midasman Night's Dream," also coming in from last summer at Stratford. But for London, the director Bill Alexander has decided to strip away William Dudley's massively and intricately ornate woodland setting, resulting in such a bare stage that the designer has understandably had his name removed from the program, leaving us with a credit for the lighting man (Mark Henderson) in whose spotlights the lovers and fairies alike make their way through the surrounding darkness.



Niamh Cusack and Penny Downie in "The Art of Success."

clutching cigarettes and a Thesaurus-Hippolyta couple who look as if they are going into a tour of "Private Lives" for the summer, instead of the enchanted forest where (in one of the director's best notions) we find Bottom and his rustic playmates as the members of some appalling avant-garde theater group of the 1950s as they consider the hidden meaning of a play about a cowardly lion and a wall with a chick in it.

Then we have an angry, elfin Puck (Nicholas Woodeson, the boy fool from the RSC Chernobyl play "Sarcophagus") and an Oberon (Gerard Murphy) who in moments of crisis goes into a remarkably accurate parody of Ralph Richardson, plus four young lovers who seem to have drifted in from a Virginia Woolf novel. Precisely how all of this is meant to work its way into a coherent view of Shakespeare's overly revived pastoral is not entirely clear. The original idea of having the same actor double Hippolyta and Titania, so that the whole affair might have been her dream from the outset, has also been abandoned somewhere along the road from Stratford, as have all the original principal players except Murphy and Woodeson and Amanda Harris as a tough little Hermia.

It might therefore have made more sense to abandon the production as well, and start on a quite different play rather than one which now looks like a low-budget J.M. Barrie. To have Oberon and Titania flying around the Barbican roof is picturesque but they, like the rest of the cast, seem to have no very firm plan beyond hanging about a bit.

Ovations for 'Ermione' At the Rossini Festival

By William Weaver

PESARO, Italy — The growing P—and well-deserved—success of the Rossini Opera Festival here in the composer's birthplace makes almost everything that is presented an automatic news event as well as a cultural occasion.

For the opening last weekend of "Ermione," last staged in 1819, the capacity audience included not only critics and musicologists from all over the world, but also a sizable representation from Italian industry, finance, politics, and films. Television cameras rolled both inside and outside the lovely Teatro Rossini (this year, blissfully cooled). Tickets were priced at a stiff 250,000 lire (about \$190), but none had been available for months.

Despite its long absence from the stage, "Ermione" was not entirely unknown. A concert performance in Siena 10 years ago, though barely adequate, had given some idea of the opera's qualities, and a later concert performance led to a premiere recording and further acquaintance. Still, some music lovers in the Pesaro audience — after the dazzling "Vergilio a Reims" of two years ago and the dramatically intense "Bianca e Faliero" last year — may have been surprised and even a bit put off by the cool austerity of "Ermione," derived from Racine's tragedy "Andromaque" and with some of its olympian elegance.

Enthusiasm, however, was not lacking, and there were long ovations after many individual arias. Such ovations are becoming a Pesaro tradition, and they generate a welcome excitement. Only Montserrat Caballé, in the fiendish title role, encountered some hostility in the second act, but the demonstration seemed so obviously, and clumsily, organized that it proved counterproductive. It sparked another ovation and it also invigorated the soprano, who then sang her grand scena with unusual intensity.

As an introspective opera, "Ermione" has an unusual structure. All the main characters are loved, but none by the right person. So there is no room for a love duet, and the heroes and heroines — usually less than heroic — spend much of their time warding off unwanted attentions. There is a certain sameness about the music, appealing and ingenious as much of it is.

No one could complain about the casting, which supported Caballé with Mariya Horne, Chris Merritt and Rockwell Blake, and yet the very presence of these superstars led to an emphasis on singing at the expense of interpretation. Indeed, the emphasis often seemed to be on high notes, which were belted out in abundance, though not always pleasantly (Merritt, in particular, tended to bleat).

With singers who are not agile actors, the director, Roberto de Simone, was not able to invent much. A lot of the story unfolded with the principals sitting down. Enrico

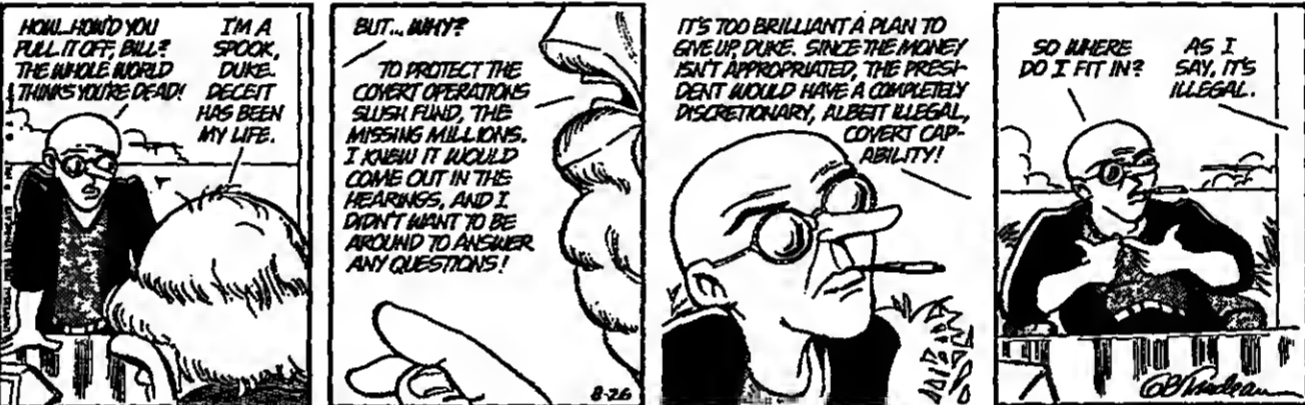
Job's costumes (chasubles for the principals, Napoleonic period for the chorus) were not much help, and his sets were downright awkward. (It was cruel to make Caballé descend so many steps.) Gustav Kuhn's conducting was rather uninflected.

If "Ermione" caused some puzzlement, there was unanimous joy over the festival's other opera, "L'occasione fa il ladro," an early (1812) one-act farce, conducted with enchanting brio by Salvatore Accardo, with the splendid Orchestra Giovanile Italiana (impressive also in "Ermione"), and a brilliant cast headed by Luciano Serra, who used her surefire coloratura in delightful effect. Claudio Desderi, in a Leporello-like servant role, was in excellent, witty voice, as were the others. Jean-Pierre Ponnelle's staging was inventive and enjoyable, with only an occasional excess.

The festival continues through Sept. 7, with concerts and performances of Rossini's Stabat Mater and Petite Messe Solennelle. Whatever you can see, Pesaro — the town as well as the music — is worth visiting.

William Weaver is a writer and translator who lives in Italy.

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SOTHEBY'S FOUNDED 1744
AUCTIONS IN GENEVA
A German parcel-gilt tankard, Friedrich Friedrichsen, Hamburg, 1654-71, 496gr., 18.5cm high. Sold in Geneva in May 1987 for SF 52,800.

Our experts will be available on the following dates to give advice and accept entries for our sales in Geneva, 9th-12th November 1987.
European Silver, Gold Boxes, Russian Works of Art and Fabergé
Brussels Monday 7th and Tuesday 8th September
Frankfurt Monday 31st August
Geneva Monday 14th September
Göteborg Thursday 27th August
Hamburg Friday 28th August
Helsinki Thursday 27th August
Cologne Tuesday 1st September
Monte Carlo Friday 11th September
Munich Wednesday 2nd September
Paris Wednesday 9th and Thursday 10th September
Stockholm Wednesday 26th August
Vienna Thursday 3rd and Friday 4th September
Zurich Tuesday 15th and Wednesday 16th September
Jewellery
Brussels Wednesday 9th and Thursday 10th September
Copenhagen Wednesday 2nd September
Frankfurt Tuesday 8th September
The Hague Monday 14th September
Hamburg Wednesday 9th September
Cologne Monday 7th September
Lausanne Friday 11th September
Lugano Tuesday 1st September
Munich Wednesday 16th and Thursday 17th September
Oslo Friday 4th September
Paris Monday 14th, Tuesday 15th and Wednesday 16th September
Stockholm Thursday 3rd September
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Vienna Thursday 3rd September
Wristwatches and Pocketwatches
Brussels Thursday 10th September
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Vol.	High	Low	Last	Chg.
IBM	147.5	147.0	147.0	+0.5
AT&T	137.0	136.5	136.5	+0.5
Amgen	125.0	124.5	124.5	+0.5
Amgen	125.0	124.5	124.5	+0.5
Amgen	125.0	124.5	124.5	+0.5

NYSE 4 p.m. volume	973,000,000
NYSE adv. volume	174,570,000
NYSE adv. volume	174,570,000
NYSE adv. volume	174,570,000
NYSE adv. volume	174,570,000

High	Low	Close	Chg.
NYSE	188.4	187.4	+1.2
NYSE	188.4	187.4	+1.2
NYSE	188.4	187.4	+1.2

Tuesday's NYSE Closing
Via The Associated Press

Class	Prev.
Advanced	10.50
Advanced	10.50
Advanced	10.50

Class	Chg.	Week	Year
Composite	+0.10	+0.10	+0.10
Composite	+0.10	+0.10	+0.10
Composite	+0.10	+0.10	+0.10

Vol.	High	Low	Last	Chg.
BAT	100.0	99.5	99.5	+0.5
Wmco	100.0	99.5	99.5	+0.5
Wmco	100.0	99.5	99.5	+0.5

Class	Chg.
Bonds	+0.25
Utilities	+0.15
Industrials	+0.25

Class	Prev.
Advanced	10.50
Advanced	10.50
Advanced	10.50

Buy	Sell	Chg.
Aug. 21	30,250	55,250
Aug. 22	30,250	55,250
Aug. 23	30,250	55,250

Open	High	Low	Last	Chg.
Index	229.82	228.66	228.66	+2.35
Transp.	192.27	190.71	190.71	+1.07
Comp.	79.29	78.21	78.21	+1.04

High	Low	Close	Chg.
Industrials	244.6	243.7	+1.3
Utilities	113.0	112.7	+0.3
SP 500	237.0	236.7	+0.4

Class	Prev.
Advanced	10.50
Advanced	10.50
Advanced	10.50

High	Low	Close	Chg.
Index	322.6	321.9	+0.7

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

12 Month High	Low	Stock	Div.	Yld.	P/E	Stk.	1986 High	Low	Close	Chg.
110	105	AAR	0.10	14	23	110	105	105	105	+0.5
110	105	ACI	0.10	14	23	110	105	105	105	+0.5
110	105	ACI	0.10	14	23	110	105	105	105	+0.5

Dow Rebounds to New Record

Compiled by Our Staff From Dispatches

NEW YORK — Prices on the New York Stock Exchange rebounded Tuesday, after a rally by the dollar and U.S. Treasury bonds. The Dow Jones average of 30 industrials set another closing record, rising 25.35 points to 2,272.42.

The dollar turned around following a string of losing sessions, and analysts said the improvement spilled over to the stock market. On Monday, stock prices fell partly because of the dollar's weakness.

Bond prices got a boost from a 1.5 percent drop in durable goods orders in July, announced Tuesday by the Commerce Department, and the stock market, which has paid close attention to the credit markets in recent months, interpreted the gain in Treasuries as another "buy" signal.

Advancing issues outpaced declining ones by 7 to 4, while volume totaled 213.48 million shares, up sharply from 149.35 million in the previous session.

The NYSE's composite index was up 1.72 points at 187.99.

Stability in the foreign exchange and credit markets is "really all you need to coax money off the sidelines and into the stock market," said Hugh Johnson, senior vice president with First Albany Corp.

But Michael Metz, an analyst with Oppenheimer & Co., noting the relative narrowness between advancing and declining stocks, cautioned that the stock market was not as strong

as it might appear from the large gain in the Dow Jones industrial average.

And Mr. Johnson said much of Tuesday's stock activity came from individual traders looking to profit after the market's drop Monday, when the Dow lost 12.43 points.

Institutional investors were "still hovering around the periphery and don't quite know what to do," because they are still uneasy about the direction of the dollar and the economy, Mr. Johnson said.

Among the best-performing stocks were tobacco stocks, which soared after a federal appeals court ruled that warnings of the hazards of smoking on cigarette packs are sufficient to protect tobacco companies from lawsuits stemming from smokers' sickness or death.

Philip Morris gained 6 1/2 to 1194 and RJR Nabisco 3 1/2 to 69. Both have advanced sharply since the court ruling last Friday.

IBM fell 2 1/2 to 172. Kidder Peabody lowered earnings estimates and removed the stock from its selected stock list. One analyst, William Easterbrook, said profit margins are not showing as much improvement as expected, and he expressed concern about revenue growth from new products next year.

Mr. Easterbrook also reduced the rating of Cray to a hold from a buy, primarily because margins are under pressure. Cray, however, gained 2 1/2 to 118.

Semiconductor stocks jumped. Texas Instruments gained 3 1/2 to 76 and Motorola 2 1/2 to 69.

(A.P. Reuters)

12 Month High	Low	Stock	Div.	Yld.	P/E	Stk.	1986 High	Low	Close	Chg.
110	105	AA	0.10	14	23	110	105	105	105	+0.5
110	105	AA	0.10	14	23	110	105	105	105	+0.5
110	105	AA	0.10	14	23	110	105	105	105	+0.5

12 Month High	Low	Stock	Div.	Yld.	P/E	Stk.	1986 High	Low	Close	Chg.
110	105	AA	0.10	14	23	110	105	105	105	+0.5
110	105	AA	0.10	14	23	110	105	105	105	+0.5
110	105	AA	0.10	14	23	110	105	105	105	+0.5

12 Month High	Low	Stock	Div.	Yld.	P/E	Stk.	1986 High	Low	Close	Chg.
110	105	AA	0.10	14	23	110	105	105	105	+0.5
110	105	AA	0.10	14	23	110	105	105	105	+0.5
110	105	AA	0.10	14	23	110	105	105	105	+0.5

12 Month High	Low	Stock	Div.	Yld.	P/E	Stk.	1986 High	Low	Close	Chg.
110	105	AA	0.10	14	23	110	105	105	105	+0.5
110	105	AA	0.10	14	23	110	105	105	105	+0.5
110	105	AA	0.10	14	23	110	105	105	105	+0.5

12 Month High	Low	Stock	Div.	Yld.	P/E	Stk.	1986 High	Low	Close	Chg.
110	105	AA	0.10	14	23	110	105	105	105	+0.5
110	105	AA	0.10	14	23	110	105	105	105	+0.5
110	105	AA	0.10	14	23	110	105	105	105	+0.5

12 Month High	Low	Stock	Div.	Yld.	P/E	Stk.	1986 High	Low	Close	Chg.
110	105	AA	0.10	14	23	110	105	105	105	+0.5
110	105	AA	0.10	14	23	110	105	105	105	+0.5
110	105	AA	0.10	14	23	110	105	105	105	+0.5

12 Month High	Low	Stock	Div.	Yld.	P/E	Stk.	1986 High	Low	Close	Chg.
110	105	AA	0.10	14	23	110	105	105	105	+0.5
110	105	AA	0.10	14	23	110	105	105	105	+0.5
110	105	AA	0.10	14	23	110	105	105	105	+0.5

(Continued on next left-hand page)

كرد من الرأسمال

MADISON AVENUE

Adventures in Advertising: Pop-Ups to Jingles to 3-D

By BRUCE HOROVITZ
Los Angeles Times Service

LOS ANGELES — When Transamerica Corp. insurance agents hand their business cards to clients later this month, a curious thing will happen. A miniature pyramid will pop out of the fold-up business cards. To be precise, a three-dimensional cutout of San Francisco's well-known Transamerica pyramid building will emerge.

This follows the company's highly successful advertising campaign that appeared as a pop-up ad in Time magazine last September. That \$3 million advertising insert featured a 9-inch (23-centimeter) pop-up picture of the building — and the rest of the San Francisco skyline. The pyramid on the look-alike card will be about 2 inches tall.

New wrinkles in print advertising are influencing companies to do far more than change their calling cards. Companies, once fascinated by the power of television to introduce new products or shape corporate images, are experimenting with new printing techniques now available in magazines. In the process, they are changing the way ads feel, smell, and even the way they sound.

When readers of the New Yorker and New York magazines open their December issues, they will be greeted by "singing" centerfold ads for Absolut vodka. These ads, with the aid of a special microchip, play such seasonal tunes as "Jingle Bells," "We Wish You a Merry Christmas" and "Frosty the Snowman." The microchip — powered by a tiny battery — will automatically play when readers turn to the centerfold ad.

"Can you imagine being on an airplane when 30 people all open their copies of these magazines?" posed John B. Caldwell Jr., senior vice president of marketing for the New York-based Magazine Publishers Association.

BUT THAT is not the print industry's only song. Holograms — which produce three-dimensional images — will premiere in magazine advertising next year. At least four major advertisers plan to use holograms to sell their messages in magazines. "The public is bored with standard print advertising," said Lee Lacey, founder and chief executive of Holo-Source Corp., a Southfield, Michigan, company that specializes in holographic printing.

Last month, Mr. Lacey's company designed a hologram ad that features the new Lincoln Mercury car, the Merkur Scorpio. The laser photograph is printed on 175,000 cards mailed mostly to owners of expensive sport cars.

More pop-up ads are on the way, according to Waldo Hunt, chairman and chief executive of Interpersonal Communications Inc., the Los Angeles company that created the Transamerica ad, but similar ads for Honeywell Inc. and Chrysler Corp.'s Dodge division. His company is creating two more pop-up ads — one that will run in October for a major bank and another scheduled for a Christmas release by a major liquor maker.

But Mr. Hunt, whose company also makes pop-up children's books, thinks that the big future for pop-up ads might not be in consumer magazines, but in business-to-business advertising in trade publications. "That's where an advertiser who wants to introduce something special can really dominate a publication," he said.

These ad innovations are not happening by accident. Magazines read by the general public have suffered a two-year slide in the number of advertising pages sold, said Mr. Caldwell of the Magazine Publishers Association. And in the first half of 1987, the number of magazine ad pages sold nudged up less than 1 percent, he said.

But new methods of innovative print advertising may help See POP-UP, Page 13

Tunnel Finance Approved \$5 Billion for Channel Project

The Associated Press

LONDON — Eurotunnel announced Tuesday that a group of 50 banks had committed itself to a \$5 billion (\$8.1 billion) loan to finance the planned rail tunnel under the English Channel.

The loan was announced months ago but the banks finally committed themselves this week, the British co-chairman of the project, Alastair Morton, said at a news conference.

Eurotunnel is a consortium of construction companies and banks building the tunnel, on which construction has begun.

Eurotunnel will not be able to draw on its credit until after completion of a £750 million share issue scheduled for November.

Lead managers of the loan are Banque Indosuez, Banque Nationale de Paris, Credit Lyonnais, Midland Bank PLC and National Westminster Bank PLC. The lead banks are each committing £170 million.

Within the past two weeks, Britain's other major banks have decided to join the syndication, Mr. Morton said. Barclays Bank PLC and Lloyds Bank PLC committed £128 million each and Standard Chartered PLC £60 million.

Credit National, a French government-owned long-term industrial investment bank, has joined and is underwriting £60 million.

French and British banks account for about 15 percent each of the syndication. Japanese banks a little over 25 percent, West German banks about 12 percent, North American banks about 7 percent and Arab banks about 5 percent.

The \$5 billion loan is an 18-year credit with an interest rate of 1 to 1 1/4 percent point over the London interbank offered rate, which now stands at between 7 1/16 and 7 1/4 percent.

Mr. Morton said Eurotunnel would seek to refinance the loan within two years of the tunnel's planned opening in 1993.



South Africa's gold-mining industry employs more than 300,000 black workers.

South Africa Held by Chains of Gold State's Power and Identity Is Linked to Mining Resources

By Mark A. Uhlig
New York Times Service

NEW YORK — By withholding their labor from South Africa's gold and coal mines, members of the National Union of Mineworkers have focused their strength on the resources that have largely defined South Africa's place as a modern industrial state.

But the importance of minerals, especially gold, to South Africa's economic system also makes the strike dangerous, a consideration underscored by dozens of mine strikes the government has harshly suppressed during the last century.

Since gold was first discovered in the central Transvaal region in 1884, it has dominated the country's economic life.

South Africa produces more than two-thirds of all the gold mined yearly in the noncommunist world, and the country's gold reserves are believed to account for roughly half of the recoverable gold that exists in the world.

Despite government attempts to diversify South Africa's economic base, gold sales still account for nearly 60 percent of foreign earnings, and fluctuations in gold prices still have a large effect on the overall economy.

Wealth from the mines has played a key role in integrating

South Africa with the world economy, lifting the country above the destination of neighboring states.

Gold has also protected the country from foreign economic pressure. When the shooting of unarmed blacks at Sharpeville in 1961 prompted a flight of Western capital, for example, the country's recovery was financed by

The scale of the industry is enormous. The miners' union alone has more than 300,000 workers. The union has called out on strike some 300,000 of its members, principally targeting the country's largest mining and gold producer, Anglo American Corp.

From the start of the strike, the white government has promised not to interfere. But, if the past is any guide, the white government's reliance on gold earnings suggests that there will be a limit to its tolerance for strikes by blacks or whites.

A memorable example of this came in 1922, when the South African military was called in to put down a three-month strike by white gold miners in a fierce showdown that left 231 men dead and 567 wounded.

Any fears of an imminent crisis in South Africa gold deliveries have yet to be felt on world markets, where prices have remained soft despite the strike. But U.S. experts have estimated that South Africa now maintains just one month's worth of gold reserves, and the Labor Monitoring Group, an independent research organization in South Africa, has estimated that the strike has already begun costing the major mining companies as much as \$7.5 million a day.

The mines have played a key role in lifting South Africa above the poverty of its neighbors.

new domestic investment from recent gold discoveries in the Orange Free State.

The gold industry's need for a large and flexible labor supply has also helped shape many of South Africa's racial and political institutions. Waves of migrant laborers, bound for the mines, have lent a form of economic legitimacy to discriminatory pass laws and segregated, all-male hostels.

It is the only industry for which legislation mandating racial discrimination in employment remains on the books.

Durables Orders In U.S. Dropped 1.5% in July

Compiled by Our Staff From Dispatches

WASHINGTON — Orders for U.S. durable goods fell 1.5 percent in July from the month before, the first decline since January, as demand slowed for transportation equipment and military items, the Commerce Department said Tuesday.

Orders for durable goods — items expected to last three or more years — dropped last month by \$1.7 billion to a seasonally adjusted \$107.5 billion.

The fall in July followed a revised increase of 2 percent in June. The June figure had originally been reported as a 1.6 percent gain.

Last month's drop was the first since January, when durable-goods orders plunged by 9.8 percent as automobile sales tumbled off after the new U.S. tax law took effect.

Changes in the law prompted many consumers to make big-ticket purchases before the end of last year. Orders for military goods fell 4.8 percent to \$10.1 billion, after a 12.4 percent increase a month earlier.

Even excluding the volatile military goods category, orders for durable goods fell 1.2 percent in July.

However, the key category of nonmilitary capital goods, which includes business investment in factory equipment, increased 1.6 percent in July after a 0.4 percent drop in June.

The overall July decline was led by a 5.7 percent drop in orders for transportation equipment to \$27.2 billion. Slower demand for motor vehicles and parts, ships and tanks, more than offset an increase in orders for aircraft and parts.

Within the major industries, orders for electrical machinery fell 2.2 percent to \$19.2 billion, after climbing 7.2 percent in June. But orders for nonelectrical machinery rose 4.2 percent to \$18.2 billion, more than making up for a 0.9 percent decline in June.

(AP, UPI)

Reichhold Approves Higher Dainippon Bid

The Associated Press

NEW YORK — Reichhold Chemicals Inc. said Tuesday that it had agreed to a sweetened \$60 a share buyout from Japan's Dainippon Ink & Chemicals Inc. in a cash transaction the companies valued at about \$600 million.

Dainippon had launched a hostile \$473 million takeover on June 25, but the Reichhold board had rejected the \$52.50 a share tender offer as inadequate.

But the board of Reichhold, a White Plains, New York-based producer of adhesives and polymers, unanimously approved the sweetened offer and indicated it would recommend that shareholders tender their stock to Dainippon.

Dainippon, one of Japan's biggest diversified chemical companies, already owns about 4.5 percent of Reichhold's 9 million common shares.

Trading in Reichhold shares was halted on the New York Stock Exchange before the merger announcement. The stock had been trading at \$57.625 a share, down 37.50 cents from Monday's close.

Dainippon, which had about \$2.6 billion in sales during the year ended March 31, is considered one of the more aggressive Japanese companies in acquiring U.S. companies.

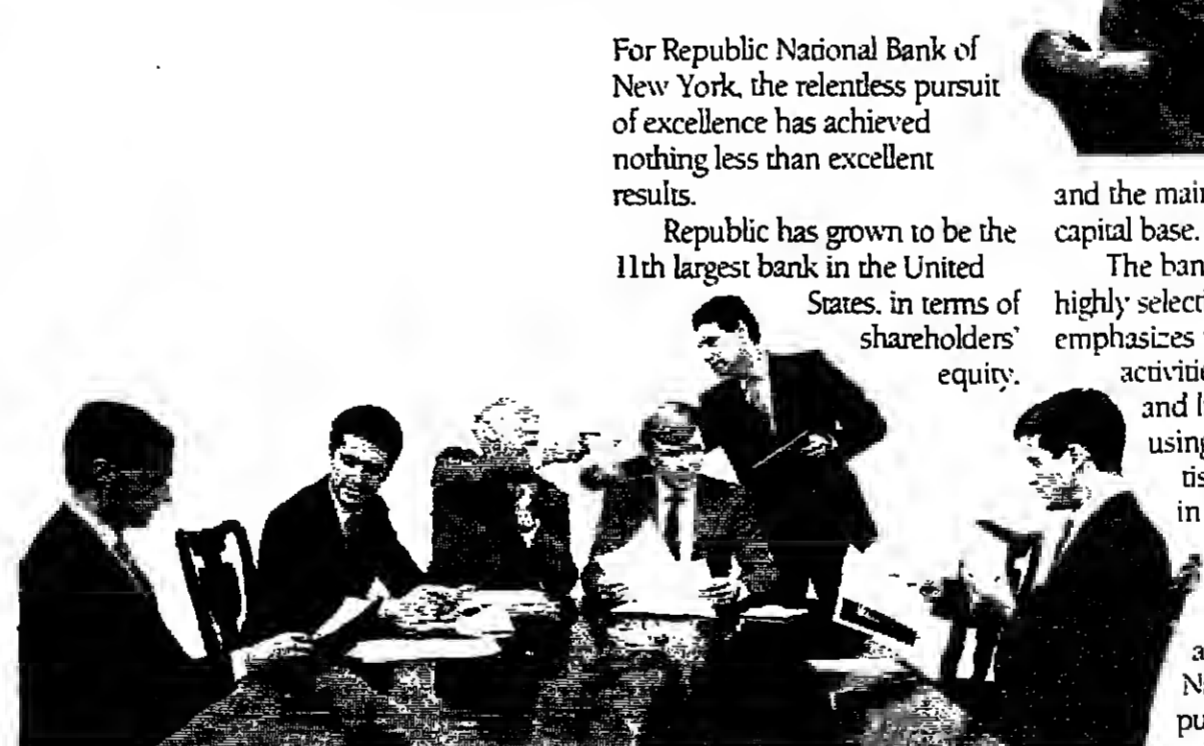
Dainippon last year unsuccessfully bid for Sun Chemical Corp. before Sun merged with Chromalloy American Corp. Dainippon later acquired Sun Chemical's graphic arts materials group for \$550 million.

Homes Sales Edge Higher

The National Association of Realtors

WASHINGTON Tuesday that sales of existing U.S. homes rose 0.9 percent in July from June, United Press International reported from Washington.

IF YOU PURSUE EXCELLENCE, ONLY ONE BANK CAN KEEP UP.



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Republic has grown to be the 11th largest bank in the United States, in terms of shareholders' equity.

It is active in 19 countries around the world, including the important banking centers of London, Luxembourg, Milan, Paris, Hong Kong, Singapore, Montreal, Tokyo, and of course, New York.

The dedication to excellence of Republic National Bank is a natural

outgrowth of the strong beliefs of its founder and principal shareholder, Edmond J. Safra.

Republic is firmly committed to such sound, traditional banking practices as diversification

and the maintenance of a strong capital base.

The bank has always been highly selective in lending. It emphasizes very conservative activities, investing in safe and liquid assets and using its extensive expertise to trade profitably in precious metals, foreign exchange, bonds and bank notes.

Underlying every aspect of Republic National Bank's pursuit of excellence is a single, fundamental principle: the protection of depositors' funds.

It should come as no surprise, then, that this pursuit of excellence results in considerable advantages to private banking clients, and the application of the very highest standards of excellence to the handling of

your personal finances.

Republic's subsidiary in Luxembourg provides private banking clients with the protection of the stringent banking laws of that country, and experienced account officers who speak your language.

And Republic's expertise internationally allows you to take advantage of opportunities to better manage your investments on a global scale.

The pursuit of excellence is our commitment. If that is something you expect of your bank, call us today at our Luxembourg office (352) 470711.

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SINGAPORE · TOKYO · PANAMA · NASSAU · BUENOS AIRES · SANTIAGO · MONTEVIDEO · CARACAS · MEXICO CITY · PUNTA DEL ESTE · RIO DE JANEIRO · SAO PAULO

Currency Rates

Cross Rates	Aug 25	Aug 24
Amsterdam	2.005	2.005
Berlin	1.412	1.412
Frankfurt	1.205	1.205
London (L)	1.418	1.418
Madrid	1.352	1.352
Paris	6.555	6.555
Tokyo	162.40	162.40
Zurich	1.475	1.475
1 Euro	1.337	1.337
1 SDR	1.283	1.283

Other Dollar Values

Currency	Per \$	Per 5	Per 10
Argentine peso	240.00	1,200.00	2,400.00
Australian	1.290	6.450	12.900
Belgian franc	36.36	181.80	363.60
British pound	0.756	3.780	7.560
Canadian dollar	0.712	3.560	7.120
Swiss franc	0.703	3.515	7.030
West German mark	1.493	7.465	14.930

Forward Rates

Currency	30-day	60-day	90-day
British pound	1.415	1.414	1.413
Japanese yen	162.40	162.30	162.20
Swiss franc	1.475	1.474	1.473

Interest Rates

Rate	Aug 25	Aug 24
1-month CD	4 1/4%	4 1/4%
3-month CD	4 3/4%	4 3/4%
6-month CD	5 1/4%	5 1/4%
1-year CD	5 3/4%	5 3/4%
3-month T-bill	7 1/4%	7 1/4%
6-month T-bill	7 3/4%	7 3/4%
1-year T-bill	8 1/4%	8 1/4%

Key Money Rates

Rate	Aug 25	Aug 24
3-month T-bill	7 1/4%	7 1/4%
6-month T-bill	7 3/4%	7 3/4%
1-year T-bill	8 1/4%	8 1/4%
3-month CD	4 3/4%	4 3/4%
6-month CD	5 1/4%	5 1/4%
1-year CD	5 3/4%	5 3/4%

U.S. Money Market Funds

Fund	Aug 25	Aug 24
Money Fund	1.10%	1.10%
Money Fund	1.10%	1.10%
Money Fund	1.10%	1.10%

Asian Dollar Deposits

Rate	Aug 25	Aug 24
1-month	4 1/4%	4 1/4%
3-month	4 3/4%	4 3/4%
6-month	5 1/4%	5 1/4%
1-year	5 3/4%	5 3/4%

Gold

Price	Aug 25	Aug 24
Gold	425.00	425.00
Gold	425.00	425.00
Gold	425.00	425.00

Tuesday's NYSE Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

12 Month High Low Stock Div. Yld. PE 52-Week High Low Close

(Continued)

12 Month High	12 Month Low	Stock	Div.	Yld.	PE	52-Week High	52-Week Low	Close
13.00	11.00	AA	0.00	0.00	10.00	13.00	11.00	12.50
14.00	12.00	AB	0.00	0.00	11.00	14.00	12.00	13.50
15.00	13.00	AC	0.00	0.00	12.00	15.00	13.00	14.50
16.00	14.00	AD	0.00	0.00	13.00	16.00	14.00	15.50
17.00	15.00	AE	0.00	0.00	14.00	17.00	15.00	16.50
18.00	16.00	AF	0.00	0.00	15.00	18.00	16.00	17.50
19.00	17.00	AG	0.00	0.00	16.00	19.00	17.00	18.50
20.00	18.00	AH	0.00	0.00	17.00	20.00	18.00	19.50
21.00	19.00	AI	0.00	0.00	18.00	21.00	19.00	20.50
22.00	20.00	AJ	0.00	0.00	19.00	22.00	20.00	21.50
23.00	21.00	AK	0.00	0.00	20.00	23.00	21.00	22.50
24.00	22.00	AL	0.00	0.00	21.00	24.00	22.00	23.50
25.00	23.00	AM	0.00	0.00	22.00	25.00	23.00	24.50
26.00	24.00	AN	0.00	0.00	23.00	26.00	24.00	25.50
27.00	25.00	AO	0.00	0.00	24.00	27.00	25.00	26.50
28.00	26.00	AP	0.00	0.00	25.00	28.00	26.00	27.50
29.00	27.00	AQ	0.00	0.00	26.00	29.00	27.00	28.50
30.00	28.00	AR	0.00	0.00	27.00	30.00	28.00	29.50
31.00	29.00	AS	0.00	0.00	28.00	31.00	29.00	30.50
32.00	30.00	AT	0.00	0.00	29.00	32.00	30.00	31.50
33.00	31.00	AV	0.00	0.00	30.00	33.00	31.00	32.50
34.00	32.00	AW	0.00	0.00	31.00	34.00	32.00	33.50
35.00	33.00	AX	0.00	0.00	32.00	35.00	33.00	34.50
36.00	34.00	AY	0.00	0.00	33.00	36.00	34.00	35.50
37.00	35.00	AZ	0.00	0.00	34.00	37.00	35.00	36.50
38.00	36.00	BA	0.00	0.00	35.00	38.00	36.00	37.50
39.00	37.00	BB	0.00	0.00	36.00	39.00	37.00	38.50
40.00	38.00	BC	0.00	0.00	37.00	40.00	38.00	39.50
41.00	39.00	BD	0.00	0.00	38.00	41.00	39.00	40.50
42.00	40.00	BE	0.00	0.00	39.00	42.00	40.00	41.50
43.00	41.00	BF	0.00	0.00	40.00	43.00	41.00	42.50
44.00	42.00	BG	0.00	0.00	41.00	44.00	42.00	43.50
45.00	43.00	BH	0.00	0.00	42.00	45.00	43.00	44.50
46.00	44.00	BI	0.00	0.00	43.00	46.00	44.00	45.50
47.00	45.00	BJ	0.00	0.00	44.00	47.00	45.00	46.50
48.00	46.00	BK	0.00	0.00	45.00	48.00	46.00	47.50
49.00	47.00	BL	0.00	0.00	46.00	49.00	47.00	48.50
50.00	48.00	BM	0.00	0.00	47.00	50.00	48.00	49.50
51.00	49.00	BN	0.00	0.00	48.00	51.00	49.00	50.50
52.00	50.00	BO	0.00	0.00	49.00	52.00	50.00	51.50
53.00	51.00	BP	0.00	0.00	50.00	53.00	51.00	52.50
54.00	52.00	BQ	0.00	0.00	51.00	54.00	52.00	53.50
55.00	53.00	BR	0.00	0.00	52.00	55.00	53.00	54.50
56.00	54.00	BS	0.00	0.00	53.00	56.00	54.00	55.50
57.00	55.00	BT	0.00	0.00	54.00	57.00	55.00	56.50
58.00	56.00	BV	0.00	0.00	55.00	58.00	56.00	57.50
59.00	57.00	BW	0.00	0.00	56.00	59.00	57.00	58.50
60.00	58.00	BX	0.00	0.00	57.00	60.00	58.00	59.50
61.00	59.00	BY	0.00	0.00	58.00	61.00	59.00	60.50
62.00	60.00	BZ	0.00	0.00	59.00	62.00	60.00	61.50
63.00	61.00	CA	0.00	0.00	60.00	63.00	61.00	62.50
64.00	62.00	CB	0.00	0.00	61.00	64.00	62.00	63.50
65.00	63.00	CC	0.00	0.00	62.00	65.00	63.00	64.50
66.00	64.00	CD	0.00	0.00	63.00	66.00	64.00	65.50
67.00	65.00	CE	0.00	0.00	64.00	67.00	65.00	66.50
68.00	66.00	CF	0.00	0.00	65.00	68.00	66.00	67.50
69.00	67.00	CG	0.00	0.00	66.00	69.00	67.00	68.50
70.00	68.00	CH	0.00	0.00	67.00	70.00	68.00	69.50
71.00	69.00	CI	0.00	0.00	68.00	71.00	69.00	70.50
72.00	70.00	CJ	0.00	0.00	69.00	72.00	70.00	71.50
73.00	71.00	CK	0.00	0.00	70.00	73.00	71.00	72.50
74.00	72.00	CL	0.00	0.00	71.00	74.00	72.00	73.50
75.00	73.00	CM	0.00	0.00	72.00	75.00	73.00	74.50
76.00	74.00	CN	0.00	0.00	73.00	76.00	74.00	75.50
77.00	75.00	CO	0.00	0.00	74.00	77.00	75.00	76.50
78.00	76.00	CP	0.00	0.00	75.00	78.00	76.00	77.50
79.00	77.00	CQ	0.00	0.00	76.00	79.00	77.00	78.50
80.00	78.00	CR	0.00	0.00	77.00	80.00	78.00	79.50
81.00	79.00	CS	0.00	0.00	78.00	81.00	79.00	80.50
82.00	80.00	CT	0.00	0.00	79.00	82.00	80.00	81.50
83.00	81.00	CU	0.00	0.00	80.00	83.00	81.00	82.50
84.00	82.00	CV	0.00	0.00	81.00	84.00	82.00	83.50
85.00	83.00	CW	0.00	0.00	82.00	85.00	83.00	84.50
86.00	84.00	CX	0.00	0.00	83.00	86.00	84.00	85.50
87.00	85.00	CY	0.00	0.00	84.00	87.00	85.00	86.50
88.00	86.00	CZ	0.00	0.00	85.00	88.00	86.00	87.50
89.00	87.00	DA	0.00	0.00	86.00	89.00	87.00	88.50
90.00	88.00	DB	0.00	0.00	87.00	90.00	88.00	89.50
91.00	89.00	DC	0.00	0.00	88.00	91.00	89.00	90.50
92.00	90.00	DD	0.00	0.00	89.00	92.00	90.00	91.50
93.00	91.00	DE	0.00	0.00	90.00	93.00	91.00	92.50
94.00	92.00	DF	0.00	0.00	91.00	94.00	92.00	93.50
95.00	93.00	DG	0.00	0.00	92.00	95.00	93.00	94.50
96.00	94.00	DH	0.00	0.00	93.00	96.00	94.00	95.50
97.00	95.00	DI	0.00	0.00	94.00	97.00	95.00	96.50
98.00	96.00	DJ	0.00	0.00	95.00	98.00	96.00	97.50
99.00	97.00	DK	0.00	0.00	96.00	99.00	97.00	98.50
100.00	98.00	DL	0.00	0.00	97.00	100.00	98.00	99.50

12 Month High	12 Month Low	Stock	Div.	Yld.	PE	52-Week High	52-Week Low	Close
101.00	99.00	DM	0.00	0.00	98.00	101.00	99.00	100.50
102.00	100.00	DN	0.00	0.00	99.00	102.00	100.00	101.50
103.00	101.00	DO	0.00	0.00	100.00	103.00	101.00	102.50
104.00	102.00	DP	0.00	0.00	101.00	104.00	102.00	103.50
105.00	103.00	DQ	0.00	0.00	102.00	105.00	103.00	104.50
106.00	104.00	DR	0.00	0.00	103.00	106.00	104.00	105.50
107.00	105.00	DS	0.00	0.00	104.00	107.00	105.00	106.50
108.00	106.00	DT	0.00	0.00	105.00	108.00	106.00	107.50
109.00	107.00	DU	0.00	0.00	106.00	109.00	107.00	108.50
110.00	108.00	DV	0.00	0.00	107.00	110.00	108.00	109.50
111.00	109.00	DW	0.00	0.00	108.00	111.00	109.00	110.50
112.00	110.00	DX	0.00	0.00	109.00	112.00	110.00	111.50
113.00	111.00	DY	0.00	0.00	110.00	113.00	111.00	112.50
114.00	112.00	DZ	0.00	0.00	111.00	114.00	112.00	113.50
115.00	113.00	EA	0.00	0.00	112.00	115.00	113.00	114.50
116.00	114.00	EB	0.00	0.00	113.00	116.00	114.00	115.50
117.00	115.00	EC	0.00	0.00	114.00	117.00	115.00	116.50
118.00	116.00	ED	0.00	0.00	115.00	118.00	116.00	117.50
119.00	117.00	EE	0.00	0.00	116.00	119.00	117.00	118.50
120.00	118.00	EF	0.00	0.00	117.00	120.00	118.00	119.50
121.00	119.00	EG	0.00	0.00	118.00	121.00	119.00	120.50
122.00	120.00	EH	0.00	0.00	119.00	122.00	120.00	121.50
123.00	121.00	EI	0.00	0.00	120.00	123.00	121.00	122.50
124.00	122.00	EJ	0.00	0.00	121.00	124.00	122.00	123.50
125.00	123.00	EK	0.00	0.00	122.00	125.00	123.00	124.50
126.00	124.00	EL	0.00	0.00	123.00	126.00	124.00	125.50
127.00	125.00	EM	0.00	0.00	124.00	127.00	125.00	126.50
128.00	126.00	EN	0.00	0.00	125.00	128.00	126.00	127.50
129.00	127.00	EO	0.00	0.00	126.00	129.00	127.00	128.50
130.00	128.00	EP	0.00	0.00	127.00	130.00	128.00	129.50
131.00	129.00	EQ	0.00	0.00	128.00	131.00	129.00	130.50
132.00	130.00	ER	0.00	0.00	129.00	132.00	130.00	131.50
133.00	131.00	ES	0.00	0.00	130.00	133.00	131.00	132.50
134.00	132.00	ET	0.00	0.00	131.00	134.00	132.00	133.50
135.00	133.00	EU	0.00	0.00	132.00	135.00	133.00	134.50
136.00	134.00	EV	0.00	0.00	133.00	136.00	134.00	135.50
137.00	135.00	EW	0.00	0.00	134.00	137.00	135.00	136.50
138.00	136.00	EX	0.00	0.00	135.00	138.00	136.00	137.50
139.00	137.00	EY	0.00	0.00	136.00	139.00	137.00	138.50
140.00	138.00	EZ	0.00	0.00	137.00	140.00	138.00	139.50
141.00	139.00	FA	0.00	0.00	138.00	141.00	139.00	140.50
142.00	140.00	FB	0.00	0.00	139.00	142.00	140.00	141.50
143.00</								

BUSINESS ROUNDUP

TI Group to Buy Houdaille of U.S.

By Warren Getler
International Herald Tribune
LONDON — TI Group PLC said Tuesday that it had agreed to buy Houdaille Industries Inc., owner of the world's largest manufacturer of mechanical seals...

Swedish Gas Group AGA Says Profits Increased 22% in Half

By Juris Kaza
Special to the Herald Tribune
STOCKHOLM — AGA AB, the Swedish-based industrial gas group, said Tuesday that earnings in the first half rose 22 percent, to 540 million kronor (\$85 million)...

Hanson Reports Profit Rose 43% in Last Quarter

Compiled by Our Staff From Dispatches
LONDON — Hanson Trust PLC, a conglomerate with interests in construction materials, tobacco and recreation equipment, said Tuesday that pre-tax profit for its third quarter rose by more than 43 percent to £205 million (\$337 million)...

Atari Planning to Buy Retail Chain Spurned by Big Dealers, It Seeks Federated Group

By Andrew Pollack
New York Times Service
SAN FRANCISCO — Atari Corp., stymied in its efforts to increase U.S. distribution of its personal computers, is buying a company to do the job. Atari said it would buy Federated Group Inc., a Southern California-based consumer electronics chain...



Jack Tramiel, Atari's chairman

New Zealand Firm Launches Hostile Bid for Guinness Peat

Reuters
LONDON — Equitcorp Holdings Ltd., a New Zealand-based financial services company, said Tuesday that it has raised its stake in Guinness Peat Group PLC to 35.6 percent and plans to make a full bid valuing the British conglomerate at £338.4 million (\$352 million)...

Australian Firm To Buy Fluor Unit

Reuters
NEW YORK — Australian-based Dalhold Investments Pty. said Tuesday it had signed a definitive agreement to buy about 90 percent of St. Joe Gold Corp. and other gold properties owned by Fluor Corp. for \$500 million.

Asia Pacific Growth Fund
Weekly net asset value on 21-8-1987 U.S. \$7.89
Listed on the Amsterdam Stock Exchange
Information: Pierson, Holding & Pierson NV, Herengracht 214, 1016 BS Amsterdam.

Gillette Turns Down 3d Bid By Revlon, of \$5.41 Billion

New York Times Service
NEW YORK — Gillette Co.'s board has rejected Revlon Group Inc.'s unsolicited \$5.41 billion takeover offer and reiterated the company's intention to remain independent.

Moody's Lowers Ratings of 4 Japanese Banks

Agence France-Press
NEW YORK — Moody's Investors Service Inc. said Tuesday it would lower the financial ratings of four large Japanese banks that had been under review for three months.

Hongkong & Shanghai Net Rose 17.9% in First Half

Compiled by Our Staff From Dispatches
HONG KONG — Hongkong & Shanghai Banking Corp. said Tuesday that net profit rose 17.9 percent to 1.41 billion Hong Kong dollars (\$180 million at current exchange rates) in the first half, from 1.2 billion dollars in the year-earlier period.

Japan Aid for BofA Expected

Reuters
TOKYO — Nine major Japanese banks are expected to agree at a meeting on Wednesday to participate in BankAmerica Corp.'s plan to raise capital, Japanese banking sources said Tuesday.

U.K. Investors May Seek Control of Rorer Group

Reuters
WASHINGTON — A shareholder group led by a British investor, Alan Clore, said Tuesday it holds 12.2 percent of health care products company Rorer Group Inc. and may seek control.

Practicing What He Teaches, Prof Bids for Duro

By Alison Leigh Cowan
New York Times Service
NEW YORK — A member of the Yale University faculty who teaches business students how to spot undervalued companies has made an unsolicited \$82 million takeover offer for Duro-Test Corp., a maker of long-lasting light bulbs.

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ASSISTANT TO CHAIRMAN OF AMERICAN COMPANY
to be based in Paris and Geneva. Candidate must be single, male, age 30-45, preferably with a business degree. Must be fluent in French and English, excellent typist, excellent health (physical/medical records), of good character, serious and conscientious, and prepared to travel extensively. Position offers unique learning experience with opportunity for advancement and good salary. Applicant must submit five references. Only persons meeting above requirements should apply. Please send your curriculum vitae to: Box D-191 Herald Tribune, 181 Ave. Charles de Gaulle, 92821 Neuilly Cedex, FRANCE.

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Atlas/Centaur has a new thrust.
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Space Systems Division
Atlas/Centaur launches FleetSatCom from Cape Canaveral.

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OUR 4th YEAR.

Tuesday's ALEX Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trading elsewhere. In The Associated Press

Table A: Market summary with columns for High, Low, Open, Close, and Change. Includes sub-tables A, B, C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z.

Table B: Market summary with columns for High, Low, Open, Close, and Change. Includes sub-tables A, B, C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z.

Table C: Market summary with columns for High, Low, Open, Close, and Change. Includes sub-tables A, B, C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z.

Table D: Market summary with columns for High, Low, Open, Close, and Change. Includes sub-tables A, B, C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z.

INTERNATIONAL FUNDS (Quotations Supplied by Funds Listed) 25th Aug. 1987

Net asset value quotations are supplied by the Funds listed with the exception of some quoted based on issue price. The marginal symbols indicate frequency of quotations supplied: (d) - daily; (w) - weekly; (bi) - bi-monthly; (r) - irregularly.

Table of International Funds with columns for Fund Name, Net Asset Value, and Frequency. Includes categories like ALMAH GROUP, INTERNATIONAL EQUITY FUND, and various regional funds.

Other Funds

Table of Other Funds with columns for Fund Name, Net Asset Value, and Frequency. Includes various international and specialty funds.

Other Funds

Table of Other Funds with columns for Fund Name, Net Asset Value, and Frequency. Includes various international and specialty funds.

Be sure that your fund is listed in this space daily. Telex: Matthew GREENE at 01359F for further information.

Floating-Rate Notes

Table of Floating-Rate Notes with columns for Issuer, Maturity, and Rate. Includes various financial institutions and their offerings.

Pounds Sterling

Table of Pounds Sterling with columns for Issuer, Maturity, and Rate. Includes various international and specialty funds.

Deutsche Marks

Table of Deutsche Marks with columns for Issuer, Maturity, and Rate. Includes various international and specialty funds.

Japanese Yen

Table of Japanese Yen with columns for Issuer, Maturity, and Rate. Includes various international and specialty funds.



Vertical text on the right side of the page, including 'The Global Newspaper.' and other publication details.

CURRENCY MARKETS

Dollar Rises on Intervention Jitters

Compiled by Our Staff From Dispatches
NEW YORK — The dollar rose Tuesday in New York and European trading, after comments by Clayton K. Yeutter, the U.S. trade representative, and Japanese monetary officials fueled dealers' fears of renewed central bank intervention.

Foreign exchange dealers said that the U.S. currency got an initial boost from comments by Japanese monetary officials that the major central banks would not tolerate a further fall in the dollar. Then Mr. Yeutter made similar comments.

Although there was no sign that the Federal Reserve was buying dollars to support recent purchases by the Bank of Japan, dealers said that Mr. Yeutter's remarks were enough to harden fears of coordinated central bank action in a market already concerned that the dollar is overvalued.

In New York, the dollar rose to 1.8300 Deutsche marks, from

London Dollar Rates

Table with columns: Currency, Bid, Ask, Change. Includes Deutsche mark, Swiss franc, Japanese yen, French franc.

1.8175 DM on Monday; to 143.50 yen, after 141.90; to 1.5020 Swiss francs from 1.4975 and to 6.1155 French francs after 6.0780.

Market analysts said that the reaction to Mr. Yeutter's statement was significant for the medium term. They said the reaction implied that sellers would be cautious about pushing the dollar too hard despite the bigger-than-expected \$15.7 billion U.S. trade deficit for June.

Even so, said Steve Barrow, an analyst at Chemical Bank: "The

risk is very much on the downside until the next set of trade data."

Stirling was hurt the most by the dollar's improvement, as dealers said falling oil prices made the easiest currency to sell. On its trade-weighted index against a basket of currencies, sterling fell to 72.2 of its 1975 value, down sharply from 72.7 at Monday's finish.

In London, the dollar strengthened to 1.8235 Deutsche marks, from 1.8167 on Monday; to 143.15 yen from 142.35; to 1.5030 Swiss francs from 1.4965; and to 6.0900 French francs from 6.0775.

The British pound also fell against the U.S. currency, to \$1.6180 from \$1.6305.

In earlier European trading, the dollar was fixed lower in Frankfurt at 1.8205 from 1.8238 on Monday, and in Paris at 6.0855 French francs, down from 6.0943.

But the dollar closed slightly higher in Zurich, at 1.4995 Swiss francs after 1.4970. (Reuters, AP)

Bundesbank Seen Keeping Steady Monetary Stance

FRANKFURT — The Bundesbank will decide to maintain a steady monetary stance at its regular policy-making council meeting on Thursday, according to many economists.

Although anti-inflation hard-liners within the council will probably continue to press for firmer interest rates, the majority belief that such action could imperil a fragile economy and anger foreign allies is expected to prevail, the economists said Tuesday.

Thus, the 3 percent discount rate and 5 percent Lombard rate will probably be left unchanged and the bank is likely to try to keep short-term call money within a range of 3.6 to 4 percent, economists said. On Tuesday, the central bank offered 8.1 billion Deutsche marks through a 15-day, securities repurchase pact fixed at 3.6 percent, as the key short-term rate neared 4 percent.

"It's clear that the Bundesbank does not want higher interest rates," said Norbert Wöwinkel, head of macroeconomic research at Bank in Liechtenstein (Frankfurt) GmbH. "It dares not do so because of the danger to the economy aspect," he added.

The other major restraint on any Bundesbank tightening is the economy, economists said. Anthony Thomas, chief international economist at Kleinwort Grensev Securities in London, estimated that the economy will grow 1.5 percent this year, adjusted for inflation, compared with official estimates of 1.5 percent to 2 percent.

POP-UP: New Ads Prove Catchy

(Continued from first finance page) change that. The association, which has more than 800 member publications, is projecting 5 percent growth in ad pages during the second half of 1987, compared with the like 1986 period, Mr. Caldwell said.

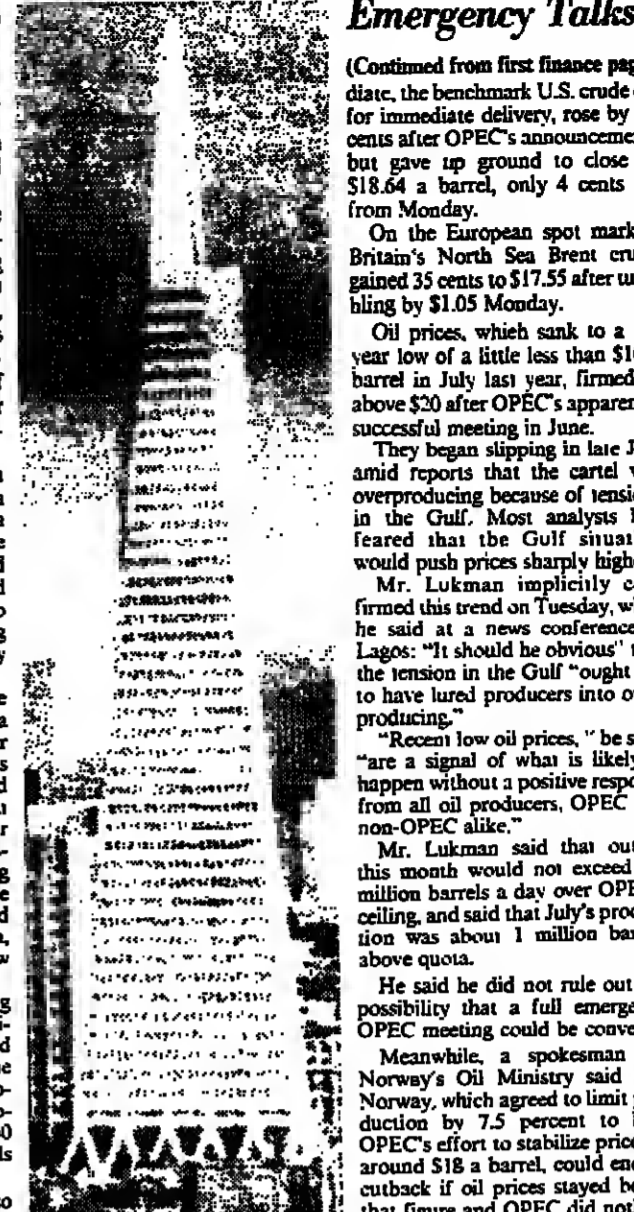
In addition, some advertisers are finding themselves with almost no where else to turn. Advertising distilled spirits on television is out of the question," said Michael Roux, president of Carillon Imports Ltd., which distributes Smirnoff vodka. "The idea of bringing the sense of sound to our ads therefore struck us as revolutionary."

The concept has already been tried in France. In March 1985, a musical ad for IBM appeared in a mass-market French magazine, Le Point. But it could be placed only in the magazine's newsstand editions. The technology to keep the tiny microchip from being crushed in mailed copies has only recently been perfected.

Even some strips — which have traditionally given consumers a free whiff of after-shave or smear of lipstick — took an odd turn this month. Rolls-Royce Motors placed an ad in Architectural Digest that featured the distinctive leather smell of the interior of a new Rolls-Royce. "It's our way of busting through the clutter," said Rochelle Udell, senior vice president and creative director at Della Femina, Travistano & Partners, the New York agency that created the ad.

But the new technologies bring with them new problems. Specifically, the ads are expensive and take a long time to produce. The singing ads can cost advertisers upward of \$1 per copy, and the pop-up ads and holograms cost up to 50 cents each. Conventional print ads typically cost a fraction of that.

Many of these print ads also require long lead times. The singing ad, for example, had to be planned nearly a year in advance.



Transamerica's building: The high profile pop-up ad.

Global Trading Takes Further Step as Stock-Index Option Spans Atlantic

By Stan Hinden, Washington Post Staff Writer

WASHINGTON — Global securities trading advanced another step this week when options contracts on the American Stock Exchange's widely watched Major Market Index began trading on Amsterdam's European Options Exchange.

The Major Market Index option allows investors, speculators and hedgers to bet on the direction of the market, as represented by 20 blue-chip stocks that actually trade on the New York Stock Exchange.

Of the 20 stocks, 17 are included on the Dow Jones industrial average of 30 leading U.S. shares. Paul G. Stevens, executive vice president at the Amex, said that the arrangement with Amsterdam, which began on Monday, marked the first time that an iden-

tical index option has traded "in two marketplaces on two continents."

However, in the growing trend toward internationalization of markets, there have been similar links involving financial futures contracts. For example, the Chicago Mercantile Exchange and the Singapore International Monetary Exchange allow traders to trade the same Eurodollar or currency futures contracts on each other's exchanges.

The Amex's two-year effort to develop the Amsterdam linkage is part of a fierce competitive struggle among U.S. exchanges for international business. The NYSE extended its trading day by opening at 9:30 A.M. instead of 10 A.M. to create a wider overlap with European markets, and the competing over-the-counter market swaps stock quotes with the London Stock Exchange.

In the United States, the Major Market Index, also known by its trading symbol, XMI, is the second most-active index option after the Standard & Poor's 100.

Howard L. Kramer, assistant director of the division of market regulation at the Securities and Exchange Commission, said investors in the United States and Europe will be able to open and close positions in the XMI options in either Amsterdam or at the Amex in New York. Trading will be governed by the same rules at both exchanges.

The European Options Exchange will trade the option from noon until 4:30 P.M., Amsterdam time. With the Amex opening at 9:30 A.M., it will give the two exchanges a one-hour overlap.

"We don't expect too much American traffic going over there," said Gerry Kus-

chuk, senior vice president for options and futures at Prudential-Bache Securities in New York. "I would expect most of the interest from Europe to be investors initiating positions in their time zone and closing them out later in the day in New York."

He said that a key problem was that trading in the 20 securities that constitute the XMI did not begin in New York until 9:30 A.M. Thus, a European investor might not want to open an index position before knowing how the affected stocks would move.

Joseph Stefanelli, vice president for options marketing at the Amex, predicted that the XMI, which trades an average of 75,000 contracts a day, would trade 1,500 to 2,000 in the first month in Amsterdam and eventually grow to an average of 7,000 contracts a day. On its first day of trading in Amsterdam, it traded 559 contracts.

Tuesday's OTC Prices. NASDAQ prices as of 4 P.M. New York time. Via The Associated Press.

Table of OTC prices for various stocks, including ABC, AIG, AIGP, etc. Columns include stock name, price, and change.

Table of stock prices for various companies, including AIG, AIGP, etc. Columns include stock name, price, and change.

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Table of stock prices for various companies, including AIG, AIGP, etc. Columns include stock name, price, and change.

Tuesday's AMEX Closing. Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Table of stock prices for various companies, including AIG, AIGP, etc. Columns include stock name, price, and change.

BOOKS

MOONRISE, MOONSET
By Tadeusz Konwicki. Translated by Richard Lourie. 344 pages. \$19.95. Farrar, Straus & Giroux, 19 Union Square West, New York, N.Y. 10003.

Reviewed by Walter Goodman
THE narrator of "Moonrise, Moonset" seems bent on being unlikable. He is critical and querulous, boastful and self-pitying.

Labeled a "real-life novel," "Moonrise, Moonset" lurches along from reminiscence to diatribe to confession to lamentation.

As a teen-ager during the German occupation in World War II, he fought with the Polish Home Army against the Germans, and when the Russians moved in at the war's end, he fought himself briefly against them as well.

What the author calls his "grotesque journal" is full of anecdotes, some about his travels with the author's mother, most of the names ring no bells, and he seems to be straining to make private grudges matters of public import.

Solution to Previous Puzzle
DUPE PASSE BELLE
OPAL ORTEL ERLE
ROCKSTAR WIRWOOD
ANT PALES EASES
SIS HAJI
PITCHER CANTON
CANOE TEARS ONO
ORARA COAST BAA
COMICLANDSBERG
THES ARMEN ALEIE
SLASH SPEINT GLIAD

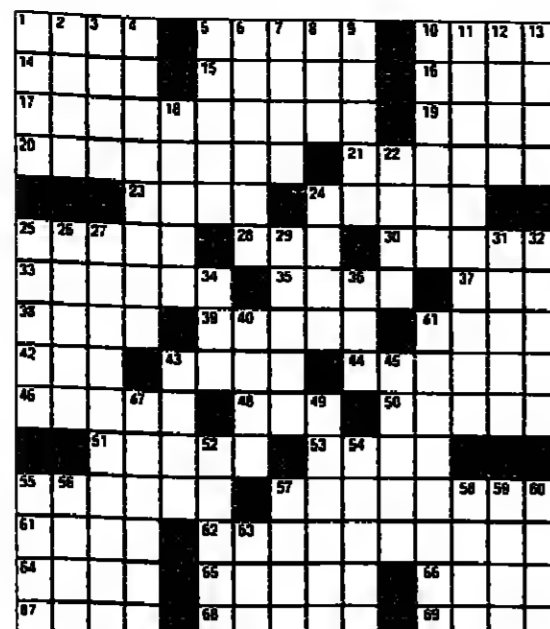
BRIDGE
By Alan Truscott
THE diagramed deal, from the Sweden-Spain match in European Championship play in Brighton, England, intrigued commentators and spectators when shown on Videograph at the tournament.

Sitting South was Per-Olov Sundelin, a popular figure on the international circuit. He demonstrated that there was another road to success, after surrendering a trump to East and ruffing another heart lead.

High Low Close Chg.
14974 Mercado I 5396 354 354 +10
10260 Norcan 5204 246 246 +10
11724 AIA I 5204 246 246 +10

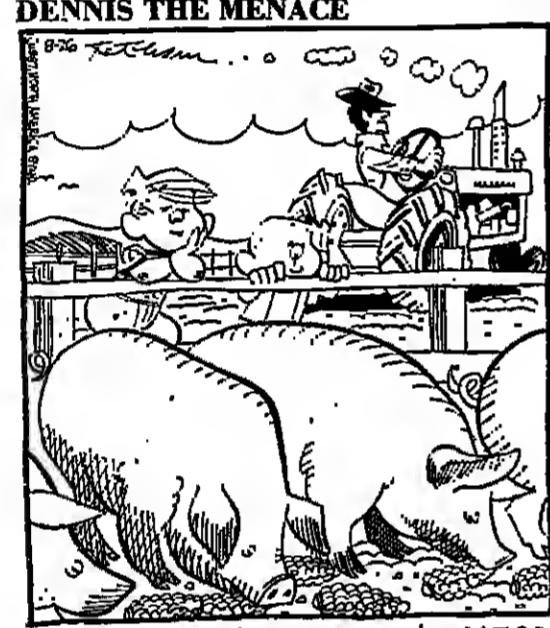
World Stock Markets
Via Agence France Presse Closing prices in local currencies, Aug. 25.
Amsterdam 1987 1987
Close Price % Chg.

World Stocks in Review
Netherlands: The Netherlands' stock market continued its recovery from a low point in early 1987.



ACROSS
1 Dissolve
5 Delivers a diatribe
10 Part of A.B.
14 Jacob's twin
15 Tatum McEnroe, née

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"I WONDER IF MR. WILSON IS THINKIN' OF ME?"

JUMBLE
Unscramble these four Jumbles, one letter to each square, to form four ordinary words.
FUTLE
DIMIO
CLOPIE
LAMMAM

WEATHER
EUROPE HIGH LOW
Algeria 28 18 23 0 0 0

MIDDLE EAST
Amman 22 7 4 0 0 0
Baghdad 22 7 4 0 0 0
Beirut 22 7 4 0 0 0

WEDNESDAY'S FORECAST - CHANNEL: Douch, FRANKFURT: Cloudy, Temp. 20-15-10, LONDON: Rain, Temp. 14-12-10, MADRID: Partly Cloudy, Temp. 24-18-14, NEW YORK: Cloudy, Temp. 72-68-64, PARIS: Cloudy, Temp. 18-14-11, ROME: Showers, Temp. 22-18-14, TOKYO: Partly Cloudy, Temp. 28-24-20, WASHINGTON: Partly Cloudy, Temp. 72-68-64, SYDNEY: Partly Cloudy, Temp. 22-18-14.



World Stock Markets
Via Agence France Presse Closing prices in local currencies, Aug. 25.
Amsterdam 1987 1987
Close Price % Chg.

World Stock Markets

SPORTS

VANTAGE POINT/Michael Wilbon
U.S. Hold Slipping In 3 Glamour Events

Washington Post Staff
INDIANAPOLIS—While U.S. competitors won 369 medals at the just-concluded 10th Pan American Games...



Ian Rush, right, scoring a goal in his final appearance for Liverpool, against Chelsea in a First Division match last May.

Juventus Is Weighing a Rush-Rush Start

International Herald Tribune
LONDON—Italian football fans are not in the mood to celebrate anything...

Rob Hughes
Of course responsible men will do their duty. Of course there is no reason to assume that the money...

Rob Hughes
To start the season less than half engaged at a fee of \$3.2 million (\$5.2 million) will kick off without him...

Rob Hughes
I happen to think he won't fail. In fact, I'm ready to bet against the experts who predict half measure from Rush from now on.

Hrbek's Single in 9th Nips Tigers for Twins

Compiled by Our Staff From Dispatches
MINNEAPOLIS—Kent Hrbek avoided the temptation of swinging for the Metrodome fences Monday night and the Minnesota Twins...

SCOREBOARD

Table with columns for Transition, Football, and Baseball. Includes CFL Leaders, Monday's Line Scores, and Major League Standings.

Cancer Cases Puzzle NFL Giants

Compiled by Our Staff From Dispatches
EAST RUTHERFORD, New Jersey—The New York Giants, who have had four players stricken by cancer in the past seven years...



Karl Nelson, the fourth Giant to be stricken.

IAAF Widens Drug Testing

The Associated Press
ROME—International track and field's governing body will impose year-round drug tests of athletes in competition and in training...

Advertisement for Blancpain watches, featuring a watch image and the text 'IB 1735 BLANCPAIN' and 'Since 1735 the oldest name in swiss watchmaking.'

OBSERVER

The Gadgets of Power

By Russell Baker
NEW YORK — A letter to the editor of The Washington Post recently criticized the men down for wearing power neckties. I find it beguiling, and I sympathize with those men, although the letter writer's description of what a power necktie looks like was vague. Small brown figures on a yellow background, sort of, apparently. A genuine power necktie, of course, would be a rope with a noose, but these power things that people wear and do nowadays aren't really about power. They are about powerlessness. They are ways people devise to kid themselves out of feeling like victims of a world out of control. In New York, where kidding yourself is half the game, they eat power lunches and power breakfasts, ride in power automobiles, live at power addresses, wear power eyeglasses, fill out their expense accounts in power offices and frolic at power parties. I am not making this up. These people really talk about power, food, power addresses, power this and power that, with only the faintest trace of irony, and no self-mockery at all. You can see how New Yorkers might need to kid themselves this way. Being big-time in New York is out such a big deal, even for the truly big-timers, who can be summoned to Washington and there browbeaten, abused and slandered by some barely literate Congressman who breakfasts powerfully on grits and lunces on bean soup. So New York produces this incessant pretense to power, which accounts for a lot of its petty cruelty as well as its force. You hear grown men, expensively tailored, even manicured and sprayed with imported scents, boasting about the location of their theater seats. Minor executives behave like bush-league Mussolinis to make bunny-gape at the power they wield. The one place in the country where there was real power, I once thought, was Washington. They had the button. They had the IRS. They had the Marines, the B-52s, the CIA, the Food and Drug Administration, the FBI, the federal penitentiaries. They had all those

civil service people, stretching in unbroken ranks to the horizon like the eye could see, each and every one of them highly skilled at making you understand that you amounted to nothing, absolutely nothing, and that if you didn't quit bothering them and go away, you would soon regret it. If power knickknacks have reached Washington, the sense of powerlessness must owe be complete. But why? Surely it is because the country has now been mechanized beyond any human's power to obtain a sensible result from the machinery's labor. Drive through the fringes of any large metropolitan area, and what do you see? Large glass office buildings under construction. Soon these glass boxes will be filled with machines busily beeping electronic talk to each other. Which isn't the worst of it. Those machines will also be canceling your reservations, billing you preposterous sums for goods you haven't bought, destroying your health insurance records, denouncing you to the police as a convicted drug kingpin, retargeting several ICBMs to hit your garden shed, and urging the IRS to impound your wife and grandchildren. Those buildings also contain people for whom the machines are hopelessly mysterious. Already buildings like these have sprung up all over the country, all of them manned — yes, ladies, and women — by people highly trained to not have the faintest idea what imbodies the machines are, and even more highly trained at not being able to do anything about it. We all deal with these highly trained people in glass boxes housing the machinery of powerlessness. Lately I have been begging an airline, which employs a batch of them, to return the \$238 I snatched from me last October just before canceling my flight. Nothing registers with the marvelously trained incompetents or imbecile machines. Letters are ignored. If I phone, "We have been highly trained not only to know nothing, but also to do nothing, sir. Please soak your head and have a nice day." She hangs up. I retort with a power sneer. But especially, they had all those

Pursuing the Powerful Art of Aging

By John Russell
NEW YORK — Though nothing is not specific, "old-age art" as a name lacks glamour. It makes us think of elderly persons peering in dudgeon at a pre-electric typewriter, turning away in despair from an unfinished canvas or giving up on a commissioned concerto because they cannot think how to get beyond the opening tutti. That name is just too gloomy. "How about coming round for some old-age art?" is not an invitation by which courtship can be advanced. Old-age art is a name coined in 1972 by Kenneth Clark, the art historian, museum director, and author of the television series "Civilization," in a lecture called "The Artist Grows Old." It refers to work done in old age in a distinctive, innovative and often problematic style by creative people in all the arts, from Aeschylus in the "Oresteia" in 458 B.C. to this year's music by Elliott Carter and paintings by Willem de Kooning and Francis Bacon. Late work, in that sense, has a specifically late style, easier to recognize than to define. Old-age art includes some of the greatest of human achievements. It would be a waste of life not to know the late work of Titian and Rembrandt, the last plays of Shakespeare, the late quartets of Beethoven, Giuseppe Verdi's "Falstaff" and Giovanni Battista Tiepolo's ceiling in the bishop's palace in Würzburg, West Germany. The same could be said of the late paintings of J.M.W. Turner and Georges Braque, the late plays of Edmond Rostand, the last plays of Henrik Ibsen, "The Ambassadors" by Hans Memling, "Metamorphoses" by Richard Strauss, the last poems of William Butler Yeats and the last films of Akira Kurosawa and Luis Buñuel. Old-age art has not come to an end, either. The English novelist Anthony Powell is 81, and after he completed the 12 volumes of his "A Dance to the Music of Time" in 1975 he could have put his feet up on the sofa. But he didn't, and his last novel, "The Fisher King" (1986), has one of the most beautiful concluding



A self portrait by Rembrandt, painted in 1658 when the artist was 52; Tatsuya Nakadai in "Ran," Akira Kurosawa's film adaptation, at age 75, of "King Lear."

paragraphs in the long history of the English novel. Willem de Kooning is 83, but his most recent paintings break new ground in a lean, serpentine idiom. Louise Bourgeois is 75, but her every new sculpture is full of what Clark called "marvelous and embarrassing psychological insights." Merce Cunningham is "old," as dancers go, but what he is doing with his company is as innovative as ever. Nothing in the current season of promenade concerts in the Royal Albert Hall in London is likely to be fresher or more surprising than the "Renaissance" that Christopher YOUNG, his long-time collaborator John Cage contributed last year to the Next Wave Festival at the Brooklyn Academy of Music. If work of this kind has a special fascination for us, it is not simply because, in Clark's words, "old, even very old, artists have added something of immense value to the sum of human experience." It is because the late work of major creative artists has so often been unprecedented, problematic, difficult and above all fearless. There are no absolute rules in

art. Brahms did not by any means peter out at the end of his life, but there is nothing fiercer nor confusing about the two clarinet sonatas that he wrote for his favorite executor, Richard Muffel. Stravinsky in youth was a master of humbly and boisterous exaggeration, but in "Metamorphoses," an elegy for the destruction of Europe that he wrote in 1945, all that was laid aside. It is the prerogative of the great artist to take leave of life in his own way. In relation to late works of art, every generation defines itself. In doing so, it reveals insights, predispositions and blind spots that cannot be seen in the work of the young. We cannot imagine today what possessed the burghers of Amsterdam to turn down that most arresting of late Rembrandts, "Conspiracy of Claudius Civilis," and refuse to pay for it. Within our own lifetimes, the late works of Igor Stravinsky were thought of as willful, spindly and contrived. As for late Picasso, it was dismissed as senility made visible. It is a discovery of our own day that there is such a thing as the deliberately terrible late style. In painting, Francis Picabia, Giorgio

over Rudolf Serkin or Vladimir Horowitz plays the piano, and we shall experience it this coming season when Dietrich Fischer-Dieskau makes a long-delayed return to Carnegie Hall. When John Gielgud and the late Ralph Richardson were in New York a few years ago, playing Harold Pinter's "No Man's Land," we had it in spades, as we shall doubtless have it when Colleen Dewhurst and Jason Robards play in Eugene O'Neill's "Long Day's Journey into Night" as part of Manhattan's Festival of the Arts next summer. It could be argued that late style does not necessarily have anything to do with the calendar. There are people who live to a great age and never develop a late style. A case in point is that of Georgia O'Keeffe, who lived to be 98 and is having a lifetime retrospective at the National Gallery in Washington this coming season. And there is a third kind of artist — the one who develops in adulthood, consistently and powerfully, a late style in their early 50s. Frank Stella's forthcoming retrospective, opening Oct. 12 at the Museum of Modern Art, is likely to be an example. The late style in the arts is a phenomenon of capital importance. If it can teach us to develop a late style in life, it will have rendered us an incomparable service. To anyone who wishes to study this problem, I suggest one place to visit in a limited period of time. I recommend the festival called "End Games: A Celebration of Late Work" scheduled for April and May 1988 in London. At the National Theatre, where the production of Aeschylus's "Oresteia" in Tony Harrison's translation was praised, Peter Hall plans to produce three late plays by Shakespeare — "Pericles," "Cymbeline" and "The Winter's Tale." In the National Film Theatre, there will be late movies by Chaplin, Bergman, Hitchcock, Buñuel and others. Outside the Hayward Gallery, there will be late bronzes by Henry Moore. Plans have also been mooted for ballets based on Picasso's late etchings. We experience late style when-

PEOPLE

Prince Edward to Play A Shakespeare Role

Britain's Prince Edward falls in love with a stepdaughter in his latest role as Prince Florizel in the actor's role as Prince Florizel in the Shakespeare play "The Winter's Tale." The 21-year-old youngest son of Queen Elizabeth II has been seen on Queen Elizabeth II at Haddo rehearsing this week at Haddo House, a theater near Aberdeen, Scotland, where the amateur production opens Wednesday for a four-night run. Hannah Wallace, 17-year-old student who is playing the stepdaughter, said: "To me it's no different, as if I were acting with anyone else. I don't care who I act with as long as they can act. I think Prince Edward is a very good actor." Barbara Walters, who did the first TV interview with Gary Hart's party, now Deanna Rice, is turning now to Ollie North's paper-strewn secretary, Fawn Hall, who will appear on Walters' ABC special on Sept. 15. An ABC News spokeswoman said the questions will concentrate on "who is this woman that captured everyone's eye during the Iran-contra hearings." Mikhail Baryshnikov was sued by a support group for young cancer victims, charging that the dancer and a New York organization have appropriated a name similar to the one it uses for dance fundraisers. Vital Options, a non-profit support group, filed suit in U.S. District Court in Los Angeles against Baryshnikov and the New York-based dancing for Life, which raises money for AIDS research. Vital Options said it has search, using the title "Dance For Life" to raise money since 1984. The Los Angeles group said Baryshnikov is a "promoter and organizer" of the New York group. Oliver Payne plans to run 4,500 miles (more than 7,200 kilometers) across Africa to draw attention to the continent's vanishing wildlife. Payne, 35, who works in the map division of the National Geographic Society, has been encouraged by his employer, the World Wildlife Fund, conservation groups and the governments of six African nations. The British-born, Oxford-educated marathoner believes he will be the first man to run across Africa if he completes the trek, scheduled to start in March 1988.

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